

Motivational and success factors of entrepreneurs: the evidence from a developing country*

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Abstract

This paper is focused on the study of motivational and success factors of entrepreneurs in Serbia with respect to the basic methodological approach developed by Chu (using principal component factor analysis with varimax rotation). The objective of the research was to analyse the motives of entrepreneurs starting their own business and to determine factors that affect the success of SMEs. The empirical research was conducted according to 11 motivational items of entrepreneurs to establish their own business and 17 items affecting entrepreneurs' success. Four motivational factors are obtained in this research (greater business achievement, independence, intrinsic factor and job security), as well as seven factors affecting entrepreneurs' success (position in society, interpersonal skills, approval and support, competitive product/service, leadership skills, always to be informed and business reputation). Based on these results and their comparison with the empirical findings in other countries, it may be concluded that motivational factors of entrepreneurs are generic in developing countries. The results showed that there was a lack of motives concerned with sustainable development of enterprise in a long run. On the other hand, there is a variety of different success factors affecting entrepreneurs, which primarily depend on the current situation in the local environment.

Key words: entrepreneur, SME, motivation, success factors

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1. Introduction

The emergence and development of entrepreneurship is an important phenomenon in contemporary economies. Entrepreneurship is strongly linked to small and medium sized enterprises (SMEs), which are the main developing force of the developed market economies. In most of developed countries, percentage of SMEs in total number of enterprises is higher than 95%, while 60% of available workforce is employed in those firms (Schmiemann, 2008). For example, in European Union (EU-27), SMEs account for 99.8% of all enterprises, out of which the vast majority of enterprises are micro enterprises (they comprise 91.8% of all enterprises). SMEs provide jobs to 67.1% of all employees and participate with 57.6% of total value added (Schmiemann, 2008; European Commission, 2009). Importance of entrepreneurship and SMEs development for long-term economic growth is obvious.

Nevertheless, numerous investigations show that Europeans, in general, express tendencies to work in some firms (for someone else) rather than start their own business (Jones and Nummela 2008). This tendency is typical for post-communist countries, in which the long-lasting easiness of working in a state-owned firm has become dominant determinant in human behavior (Jiangyong and Tao, 2008).

Having this in mind, the research problem in our analysis is connected with questioning what are the motivational and success factors of entrepreneurs in a developing country. Considering that entrepreneurs are very significant for the growth and development of economies in countries in which they operate their businesses, understanding their motivational and success factors is a very important topic. These two groups of factors have a considerable impact on development of entrepreneurial activities and on birth rate and growth of SMEs. Unfortunately, studies on this topic were not conducted in satisfying amount in the developing countries of South-Eastern Europe, until recently (Zivkovic, Mihajlovic and Prvulovic, 2009; Zivkovic and Zivkovic, 2009).

Thus, the main objective of this research is *to determine motivational and success factors of entrepreneurs in Serbia and to compare results obtained with other developing countries where similar research has already conducted.*

H: *We suppose that the motivational and success factors of entrepreneurs are generic worldwide but that there are differences which primarily depend on the current situation in local environment.*

On the basis of the recent literature summarized in the following part of the paper, the first specific objective in this research is *to determine the item that is the most important for motivation of entrepreneurs.* The second specific objective is *to establish the item that is the most important to overall success of entrepreneurs.*

H1: *We suppose that the item "To increase my income" would be the most important for motivation of entrepreneurs.*

H2: We suppose that the items “Good product at competitive price” and “Good customer service” would be the most important for entrepreneurs’ success because of the competition increase.

This paper is structured as follows: first, we present the literature review on the topics of motivation and success factors of entrepreneurs, then we explain the survey and methodology used. Afterwards, we present the results obtained in the research, discuss its implication and, finally, draw conclusions.

2. Literature review

Impact of entrepreneurs’ motivation on their success is a widely known topic in developed countries. A number of studies was conducted to determine this relationship. Kuratko, Hornsby and Naffziger (1997) and Robichaud, McGraw and Roger (2001) surveyed entrepreneurs from North America to determine what motivation categories lead to business success. Findings from their studies show that motivation of entrepreneurs falls into four distinct categories: 1. extrinsic rewards, 2. independence/autonomy, 3. intrinsic rewards and 4. family security. These four group of factors determine the motivation level of entrepreneurs which in turn affects on their business success.

One survey focusing on nascent entrepreneurs was conducted in the United States (Edelman, Brush, Manolova and Greene 2010), and resulted in findings that the reasons why nascent entrepreneurs want to launch a business are the same across the race, but there are differences in the motivation to grow a new venture between black and white nascent entrepreneurs. Blanchflower and Oswald (1998) conducted a survey in which they found that people who are self-employed reported higher levels of job and life satisfaction than employees.

Benzing, Chu and Kara (2009) in their study of entrepreneurs in Turkey, among other things, presented a comparative results of numerous research on entrepreneurs’ motivating factors in different countries. For example, they stated that Swierczek and Ha (2003) in their study of Vietnamese small business owners found that challenge and achievement were more significant motivators than necessity and security. In Romania, income and job security needs were stronger motivators than self-satisfaction and personal needs (Benzing, Chu and Szabo 2005). On the other hand, entrepreneurs in India were most strongly motivated by the desire for autonomy and then to increase their income (Benzing and Chu 2005). In Turkey, entrepreneurs are motivated to start their own business so they could provide security for themselves and their family and to increase income (Ozsoy, Oksoy and Kozan 2001). Benzing, Chu and Kara (2009) also presented research results from African countries. Ugandan entrepreneurs are motivated by “making money”

(Bewayo 1995). A study of entrepreneurs in Kenya and Ghana (Chu, Benzing and McGee 2007) found that the strongest two motivators were to increase income and to provide employment to themselves. Roy and Wheeler (2006) found that microenterprise owners in West Africa were motivated by a desire to satisfy basic psychological needs – food and shelter.

Numerous comparative studies of entrepreneurs and managers showed that entrepreneurs are moderately higher in achievement motivation than are managers (Stewart and Roth 2007; Collins, Hanges and Locke 2004; Begley and Boyd 1987; Ahmed 1985; Lachman 1980). High level of achievement motivation are consistent with the demands of entrepreneurial role, which appears to attract highly achievement-motivated individuals because of the potential to derive more achievement satisfaction in an entrepreneurial setting, a context that provides the challenge, autonomy, and flexibility for achievement realization (Stewart and Roth 2007). Entrepreneurs are less constrained by organizational systems and structures (Daily et al. 2002) and the entrepreneurial role is less specialized, standardized and formalized. Stewart et al. (1999) discovered that entrepreneurs, who are primarily growth-oriented, were higher in achievement motivation than were managers and “small business owners”, which were focused primarily on producing current family income instead of growth, but the “small business owners” were not significantly higher on achievement motivation than managers. The achievement motivation difference between entrepreneurs and managers becomes much more pronounced when the entrepreneur has growth goals or when the entrepreneur is the founder of the venture. Motivation level for venture founders is likely attributable to the circumstances associated with founding. Venture creation appears to present the type of task challenge and lack of routine that attracts very highly motivated individuals (Stewart and Roth 2007).

Analyzing literature on success factors first of all requires defining the notion of business success. There is no single agreed-upon definition of business success, but researchers generally use continued viability or longevity as a surrogate for business success (Rogoff, Lee and Suh 2004), and so shall we.

Numerous studies showed different kind of variables that influence the success of SMEs, but most of these studies concentrated on a few sets of variables: (1) the psychological and personality traits of entrepreneurs, (2) the managerial skills and training of entrepreneurs and (3) the external environment (Benzing, Chu and Kara 2009). Psychological attributes such as a drive for independence, innovative orientation, attitude toward risk and a competitive nature are been found to relate to success (Frese, Brantjes and Hoorn, 2002), and they are especially important when an entrepreneur is working in a difficult business environment. Rauch and Frese (1998) agree that psychological traits contribute to success of SMEs, but they are often moderated by experience and training, specific managerial skills and the business environment, which are factors that are more easily developed and altered

by policymakers. Managerial skills would include the ability to manage personnel and maintain accounting records, whereas environmental conditions would be related to satisfactory government support, access to capital and support of family and friends (Benzing, Chu and Kara 2009). Impact of the owner/managerial knowledge and expertise on the success of their SMEs was in-depth studied by numerous authors (Daily et al. 2002; Temtime and Pansiri 2005; Ghobadian and O'Regan 2006).

Besides these three sets of variables, there are more factors that affect SMEs' success. The importance of social networks on SMEs, especially on start-ups' is widely acknowledged today (Elfring and Hulsink 2007). Pirolo and Prsutti (2010) empirically verified the existence of positive impact of both strong and weak interorganizational social capital on the growth of start-up's economic performance during all its life cycle. On the other hand, the orientation of business owners has a significant impact on SMEs performance over time. Runyan, Droge and Swinney (2008) empirically found that there is a significant difference in the impact of small business orientation (SBO) and entrepreneurial orientation (EO) on firm performance. For younger firms, only EO was a significant predictor of performance, while for owners of business for eleven or more years, only SBO was significant. This finding suggests that with continuance, the more emotionally attached to the business and the more devoted to balance work and family life, the more successful the owner. The younger small businesses continue to rely on the strenght of the owner's EO for positive performance.

It has been argued that one of the key factors in the success of a new venture is the dominant logic of the firm (Nadkarni & Narayanan, 2007). Dominant logic would be conceptualized as a set of "dominant themes" or "configurations" developed by the entrepreneur (Miller, 1996) that over time becomes an organizational characteristic in a similar way as a market or entrepreneurial orientation (Lyon, Lumkin, & Dess, 2000).

Entrepreneurial talent, which is a function of observable characteristics, determines the size of the business (van Praag & Cramer, 2001). Thus, talented individuals have more chance to grow and develop their business ventures. But talent is not the only prerequisite. Risk aversion is another one. Successful entrepreneurs would be willing to bear risk. But they must not only have the motivation to bear risk, they must be able to bear risk (Say, 1971). Marshall (1930) mentioned that young people who are risk-oriented are more inclined to start as an entrepreneur than others.

Cosidering that this study is oriented toward entrepreneurs in Serbia, it is worth mentioning some findings which are relevant for this country. Stefanovic, Damjanovic and Jasko (2010) reported that eight factors have influence on organizational operations in Serbia. Those are: market subjects, state regulations, resource availability, supplier relationships, sociocultural structure of population,

demand for products/services, products/services sales opportunity and demand satisfaction capacities. These factors affect overall success of enterprises in Serbia. But besides these factors, it is very important to indicate the way in which Serbian SMEs need to develop in order to achieve longevity. Another study that was conducted in Serbia showed the need for entrepreneur net formation in order to facilitate the possibility of necessary innovation involvement, which could enable survival, growth and development of SMEs (Zivkovic and Zivkovic 2009).

3. Survey and methodology

This survey was carried out in Serbia, during September 2010. According to the World Bank, Serbia is an upper-middle income economy. It is also a developing country which is in the middle of the transition process.

SME sector in Serbia is the most profitable segment of economy. During 2008, SMEs participated 35% of GDP and around 43% of the total number of employment. In addition, SMEs facilitated over 45.5% of the total exporting activities and 59.3% of the importing activities (Republic Development Bureau, 2010). This is the reason why SMEs have large importance for successful implementation of transition process, having in mind that economic results of the transition are far from expected (Stefanovic, Milosevic and Miletic, 2009). When observed through this prism, it is obvious that SMEs are most vital and most rentable part of Serbian economy (Republic Development Bureau, 2008), which is why it is interesting to observe and analyze motivation and success factors of Serbian entrepreneurs.

Using simple random sampling, 350 SMEs were selected from all over the country and the owners of these enterprises were sent an e-mail containing questionnaire and detailed explanation of the purpose of survey and its benefits, in order to motivate them to participate. In a three weeks period, 82 entrepreneurs answered the survey questions, but three of them were excluded because they were answered in an inappropriate manner. Thus, the final sample contained 79 SMEs.

The questionnaire used in this study was originally developed by Hung M. Chu (Chu and Katsioloudes 2001) and has been used in studies of entrepreneurs across numerous countries, such as: Turkey, Vietnam, Romania, India, Kenya and Ghana (Benzing, Chu and Kara 2009, Chu, Benzing and McGee 2007, Benzing and Chu 2005, Benzing, Chu and Callanan 2005, Benzing, Chu, and Szabo 2005). The questionnaire was translated into Serbian and checked for intertranslator consistency. SPSS statistical software was used to process the obtained data. The reliability of the survey instrument was satisfactory since the Cronbach's Alphas were relatively high for the motivation items, as for the perceived success variables. The Alphas for the motivation and success variables items were 0.7759 and 0.7500 respectively.

Five-point Likert scale was used to measure perceived motivation and success variables: 5 was “extremely important”, 4 was “very important”, 3 was “mildly important”, 2 was “not very important” and 1 was “unimportant”. A higher mean score on a variable indicates greater importance.

Factor analysis was used to determine whether motivations and success variables group together on significant factors. Keiser-Meyer-Olkin measure of sampling adequacy (Kaiser, 1970; Kaiser, 1974) and Bartlett’s test of Sphericity (Bartlett, 1954) were used for test to establish the justification of implementation of factor analysis. Principal component analysis, scree plot and component matrix were used to establish factors. Then, a principal component analysis extraction method with a varimax with Kaiser normalization rotation method was used to determine the factor loading and communalities.

As already mentioned, 79 SMEs constitute the sample, out of which only two enterprises can be labeled as medium (65 and 70 employees), which is only 2.53% of the sample, while 6 of them are in a group of small enterprises (7.59% of the sample), and the rest of the sample (71 enterprise) is in a group of micro enterprises (1-9 employees), which is 89.87% of the sample. Thus, the vast majority of enterprises are micro enterprises. All organizations in the sample are profit oriented, but the industry structure of the sample is very heterogeneous. There are various types of business, such as: manufacturing, service, retail, wholesaling, healthcare, etc. The age of enterprises is also heterogeneous. The youngest are several months old, while the oldest one is 30 years old. There are 49 enterprises that are 10 years old or younger (62.03% of the sample), 28 enterprises between 11 and 20 years of age (36.44% of the sample) and only 2 enterprises which are older (21 and 30 years of age, which makes 2.53% of the sample). The average age of enterprises in the sample is 8.61 years.

4. Results and discussion

The questionnaire for motivation of entrepreneurs contained 11 reasons for deciding to own a business. It is already mentioned that the respondents were using five-point Likert scale to give their opinion on importance of each reason for them. The mean and standard deviation of each reason are presented in Table 1.

It was found that the most important reason for deciding to own a business is “To increase my income”. This is the same result as in the surveys of Turkish entrepreneurs (Benzing, Chu and Kara, 2009), Ugandan entrepreneurs (Bewayo 1995) and entrepreneurs in Kenya and Ghana (Chu, Benzing and McGee 2007), where this reason was also the first one. Given the fact that incomes in Serbia are relatively low when compared with the incomes in countries within the region and

that purchasing power has decreased, it was quite expected that the desire to increase their incomes would be on the first place of motivation variables. The second and third place are “To be able to use my past experience and training” and “So I will always have a job security” respectively. Serbian economy is struggling with high rate of unemployment and the basic implication is that many people think that their expertise would be better put in use if they would have their own business. The other implication is the fear of a losing a job. People need stability and they perceive that owning a business means more secure job. The next four reasons have the mean score higher than 4. Those are: “To prove I can do it”, “For my own satisfaction and growth”, “To maintain my personal freedom” and “To be my own boss” respectively. All these reasons are implying the need for independency and belief that starting a business may lead to a more quality lifestyle.

Table 1: Mean score and standard deviation for motivation of entrepreneurs in Serbia

<i>Motivation</i>	<i>Mean</i>	<i>Std. Deviation</i>
1. To be my own boss	4.08	1.269
2. To be able to use my past experience and training	4.58	0.691
3. To prove I can do it	4.27	1.184
4. To increase my income	4.63	0.701
5. To provide jobs to family members	3.18	1.551
6. For my own satisfaction and growth	4.15	1.075
7. So I will always have job security	4.56	0.780
8. To build a business to pass on	3.72	1.405
9. To maintain my personal freedom	4.14	1.174
10. To be closer to my family	3.39	1.445
11. To have fun	2.23	1.476

Source: authors

Keiser-Meyer-Olkin measure of sampling adequacy was 0.675 and Bartlett’s test of Sphericity was significant at 0.000. As shown in Table 2, a factor analysis led to four factors, which accounts for 67.11 percent of the cumulative variance. These factors can be interpreted as: greater business achievement factor, independence factor, intrinsic factor and job security factor. These four factors are very similar to those obtained by Benzing, Chu and Kara (2009) in survey of Turkish entrepreneurs. In that study, there were also four factors: security factor, income factor, independence factor and intrinsic factor. While other factors are the same, the only difference is between the “income” factor and the “greater business achievement” factor. Nevertheless, since that under business achievement the income is the first parameter, it can be concluded that these two factors can be viewed as synonyms.

Table 2: Principal component factor analysis (varimax rotation), factor loadings and communalities for motivation variables

<i>Motivation</i>	<i>Factor 1</i>	<i>Factor 2</i>	<i>Factor 3</i>	<i>Factor 4</i>	<i>Communality</i>
4. To increase my income	0.800				0.655
2. To be able to use my past experience and training	0.745				0.607
1. To be my own boss	0.694		0.418		0.698
3. To prove I can do it	0.502			0.440	0.488
10. To be closer to my family		0.767	0.321		0.704
9. To maintain my personal freedom	0.434	0.752			0.803
5. To provide jobs to family members		0.603		0.452	0.639
11. To have fun			0.776		0.624
6. For my own satisfaction and growth			0.764		0.666
7. So I will always have job security				0.811	0.721
8. To build a business to pass on		0.534		0.610	0.778
Variance	2.218	1.921	1.700	1.543	
Percentage of variance	20.166	17.466	15.458	14.025	

Source: authors

The first factor, referred as “Greater business achievement”, consists of motives: 1, 2, 3, 4 and 9. They imply that entrepreneurs believe that they can achieve more by doing alone than doing for someone else. They are motivated to increase their incomes on their own, in independent manner. This factor explains 20.16 percent of variance. Entrepreneurs appear to believe that independence is very important in a country that is unstable and unpredictable in terms of economic growth and employment. In order to avoid possible downsizing, they are turning to themselves to secure income.

The second factor is referred to as “Independence factor”. It contains motives: 5, 8, 9 and 10. This factor accounts for 17.46 percent of variance. Contemporary entrepreneurs want to be masters of their time. They need to be able to organize their time in the way that suite them. They are also trying to make balance between their professional and private life.

The third factor, which is named “Intrinsic factor”, consists of variables: 1, 6, 10 and 11. It accounts for 15.45 percent of cumulative variance. This factor explains internal motives of entrepreneurs to start their own business. Entrepreneurs need to prove themselves to their environment and to achieve a significant level of personal satisfaction.

Finally, “Job security factor” is the forth factor, which contains these variables: 3, 5, 7 and 8. This factor accounts for 14.02 percent of cumulative variance. It signifies the

importance of workplace security and employment continuity for the family members. Economic instability forces entrepreneurs to take care of themselves and their families.

The questionnaire for success variables of entrepreneurs contained 17 variables. As in previous case, the respondents used five-point Likert scale to express their opinion on importance of each variable for business success. The mean and standard deviation of each success variable are presented in Table 3.

Table 3: Mean score and standard deviation for variables contributing to success of entrepreneurs

<i>Success variables</i>	<i>Mean</i>	<i>Std. Deviation</i>
1. Good management skills	4.27	0.858
2. Charisma: friendliness	4.13	1.005
3. Satisfactory government support	3.04	1.605
4. Appropriate training	3.00	1.423
5. Access to capital	4.16	1.103
6. Previous business experience	4.22	0.983
7. Support of family and friends	4.13	0.925
8. Marketing/sales promotion	3.80	1.067
9. Good product at competitive price	4.68	0.567
10. Good customer service	4.85	0.426
11. Hard work	3.70	1.113
12. Position in society	3.57	1.184
13. Maintenance of accurate records	4.24	1.065
14. Ability to manage personnel	4.34	0.946
15. Social skills	3.97	1.000
16. Political involvement	1.94	1.090
17. Reputation for honesty	4.54	0.781

Source: authors

It was found that the most important variable contributing to business success of entrepreneurs is “Good customer service” and the second ranked variable is “Good product at competitive price”. This finding was expected due to the low purchase power of people living in Serbia, increase in the competition and the lack of adequate regulatory mechanisms in the Serbian market that should protect the customers during their purchasing transactions. “Reputation for honesty” is on the third place. Fourth, fifth and sixth places are “Ability to manage personnel”, “Good management skills” and “Maintenance of accurate records”, respectively. It is obvious that, while on the first three places are variables that present some form of linkage between organization and its’ customers, on the next three places are variables that are occupied with internal issues. It is very interesting that variable “Political involvement” is on the last place of variables affecting business success,

because Serbia, similarly to other countries in economic transition process, is a country where political engagement and business are strongly connected.

Keiser-Meyer-Olkin measure of sampling adequacy was 0.636 and Bartlett's test of Sphericity was significant at 0.000. As shown in Table 4, a factor analysis led to seven factors, which explain 70.13 percent of the cumulative variance. These factors are interpreted as follows: position in society, interpersonal skills, approval and support, competitive product/service, leadership skills, always to be informed and business reputation.

Table 4: Principal component factor analysis (varimax rotation), factor loadings and communalities for success variables

<i>Success variables</i>	<i>Factor 1</i>	<i>Factor 2</i>	<i>Factor 3</i>	<i>Factor 4</i>	<i>Factor 5</i>	<i>Factor 6</i>	<i>Factor 7</i>	<i>Communality</i>
4. Appropriate training	0.853							0.760
16. Political involvement	0.728	0.344						0.706
3. Satisfactory government support	0.664				0.360			0.717
15. Social skills		0.823						0.723
14. Ability to manage personnel		0.633	0.370					0.695
5. Access to capital		0.619						0.527
17. Reputation for honesty		0.471			0.369		0.468	0.671
7. Support of family and friends			0.792					0.752
8. Marketing/sales promotion	0.325		0.748					0.772
11. Hard work			0.491	-0.372			0.405	0.606
9. Good product at competitive price				0.856				0.797
10. Good customer service				0.802				0.673
1. Good management skills					0.836			0.784
2. Charisma: friendliness					0.668	0.300		0.611
13. Maintenance of accurate records						0.836		0.744
12. Position in society					0.357	0.561		0.682
6. Previous business experience							0.766	0.703
Variance	1.995	1.901	1.784	1.775	1.765	1.387	1.316	
Percentage of variance	11.733	11.180	10.495	10.440	10.379	8.159	7.744	

Source: authors

The first factor is called “Position in society”. It explains 11.73 percent of variance and contains success variables: 3, 4, 8 and 16. Position in society can contribute to business success via linkages with a vast number of decision-maker in profit and non-profit organizations, government agencies and institutions. This kind of social network can enable involving key decision-maker who can provide help in variety of business situations.

“Interpersonal skills” is the second factor. It includes variables: 5, 14, 15, 16 and 17. This factor accounts for 11.18 percent of variance. Interpersonal skills include a variety of social abilities, such as: ability to understand others, ability to motivate and direct people, ability to empower, empathy, etc. These abilities are equally important with people inside organization, as with the people outside of it.

Factor three can be referred to as “Approval and support”, and includes variables: 7, 8 11 and 14. It accounts for 10.49 percent of cumulative variance. In order to manage a successful business, entrepreneurs need be approved by the people they care, but also by the environment in which they operate. They also need to gain support for their actions, because entrepreneurship means that they are walking on unsecured terrain instead of working for a stable income as employee.

The fourth factor can be called “Competitive product/service”. It consists of success variables: 9, 10 and 11. This factor explains 10.44 percent of variance In the era of global dynamic competition, which continues to increase in all types of industries, the ratio quality – price is more significant then ever before. On the other side, development of information and communication technology affects the increase of market transparency, which represent additional pressure on providing more competitive products/services.

The fifth factor, “Leadership skills”, contains success variables: 1, 2, 3, 12 and 17. It explains 10.37 percent of cumulative variance. The leadership can be defined as a process of “using noncoercive influence to direct and coordinate activities of the members of an organized group toward the accomplishment of group objectives” (Jago, 1982). This factor can significantly contribute to the overall success of an enterprise, because it implies that employees are willing to recognize the entrepreneur as their leader, who inspires and motivates them to follow him in achieving organizational objectives.

“Always to be informed” is the sixth factor. It accounts for 8.15 percent of variance and includes variables: 2,12 and 13. Information regarding people and events inside and outside organization are crucial for success of entrepreneur. Quality decision-making can be sustained only if it is based on exact and precise information obtained in the right moment.

Finally, factor seven is called “Business reputation”, and includes success variables: 6, 11 and 17. It explains 7.74 percent of cumulative variance. Business reputation

takes a lot of time to build. Long-term experience in business and maintaining of professional relationship with all stakeholderse can establish solid business reputation. Entrepreneur with reputation has already earned trust in the market which can be helpful in acquiring business arrangements.

5. Conclusion

Results concerning the first hypothesis are twofold. On one hand, they show that the first hypothesis is supported in the part concerning motivational factors. Four motivational factors resulted from this research: greater business achievement, independence, intrinsic factor and job security. Based on these results and their comparison with the empirical findings in other countries, it may be concluded that motivational factors of entrepreneurs are generic in developing countries. On the other hand, seven success factors resulted from the research: position in society, interpersonal skills, approval and support, competitive product/service, leadership skills, always to be informed and business reputation. The part concerning success factors rejects the hypothesis, because there is a wide variety of factors affecting success of entrepreneurs. The structure of these factors is determined by the situation in the local environment. Thus, the first hypothesis is supported for motivational factors, but in the same time, it is rejected for the success factors.

The other two hypothesis are supported by the results obtained. It was found that the most important reason for deciding to own a business is “To increase my income”, which was expected, given the fact that incomes in developing countries are relatively low. It was also found that the most important variable contributing to business success of entrepreneurs is “Good customer service” and the second ranked variable is “Good product at competitive price”. This finding was also expected due to the fact that the purchasing power of people living in developing countries is very low and that there are usually no established market mechanisms which would support the creation of strong competition.

These results provide new insights into the factors shaping the process of entrepreneurship in developing countries. In this way, this research certainly represents contribution to a small amount of empirical research on this topic in developing countries. Thus, empirical researches, such as this one, are more then welcome to bridge the gap that exists between contemporary theory on entrepreneurship and SMEs, on one side, and poor practice in developing countries, on another side. Understanding motivational and success factors can be helpful for entrepreneurs and their SMEs, because it could affect the increase of percentage of successful ventures.

It can be discussed that, besides scholars, entrepreneurs in developing countries could benefit from this research. For example, this research implies that modification

of motivational factors of entrepreneurs in developing countries is needed. In Serbia, short-term motives are more prevailing than long-term motives ("To increase my income" was the most important reason to own a business). Although this observation might seem unusual due to the fact that this field is under the domain of cognitive psychology, the modification of motives would probably produce an increase of chances for growth of their SMEs in the marketplace. This modification ought to be directed not in changing current motives, but to add motives concerned with sustainable development of enterprise in a long run. Considering that Serbia is a developing country in the economic transition, the lack of such motive can be easily understood. Entrepreneurs are primarily motivated to survive and secure their family members.

However, this research has its limitations. First of all, Serbia is a country where the lack of transparency is the main issue in many segments of economy. Inability to obtain wanted information concerning government strategy for entrepreneurship development, direct and indirect investments in the development and sustainability of entrepreneurship, effects of those investments, etc, had its impact on this research. The second limitation concerns the size of the sample. It would be quite interesting to obtain results of similar investigations on a much larger samples, which would produce much more relevant results with greater probabilities to be generalized on the whole population of SMEs in Serbia. Finally, this research did not analyze structural problems of SMEs sector and its impact on motivational and success factors. This kind of research would be highly appreciated and welcomed.

On the other hand, the government must more actively support entrepreneurs. The development of entrepreneurship and SMEs ought to be one of the most important objectives of every country in the world (especially in developing countries) and ought to have high priority in allocating the budget expenditures. In order to facilitate economic development, it is necessary to make significant improvements in the process of institutionalization of supporting SMEs. This can be achieved by creating environment that will facilitate development of entrepreneurship through numerous stimulating activities, such as: incentives that would facilitate cooperation of SMEs and large enterprises and creation of clusters, establishing organizations for providing assistance to entrepreneurs (e.g. associations of entrepreneurs, government agencies for SMEs development, business incubators, industrial parks, etc.) and providing easy accessible capital. In order to succeed, SMEs should cooperate by supporting each other in times of need. This could be accomplished by forming variety of alliances and networks. It would also be mutually beneficial if large businesses and small firms complemented each other in the process of creating goods and services. In that way, SMEs' competitive position could grow strong and they could become capable of overcoming barriers and problems to their growth and development. Creation of this kind of environment would foster the development of entrepreneurship and would produce an increase in number of successful start-ups.

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Čimbenici motivacije i uspjeha poduzetnika: nalazi iz zemlje u razvoju

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Sažetak

Ovaj rad je usmjeren na proučavanje motivacije i čimbenika uspjeha poduzetnika u Srbiji u odnosu na osnovni metodološki pristup razvijen od strane Chu (koristeći analizu glavnih komponenata sa varimax rotacijom čimbenika). Cilj istraživanja bio je analizirati motive poduzetnika za pokretanje vlastitog poslovanja i odrediti čimbenike koji utječu na uspješnost malih i srednjih poduzeća. Istraživanje je provedeno prema 11 motivacijskih stavki poduzetnika za uspostavljanje vlastitog biznisa i 17 stavki koje utječu na uspjeh poduzetnika. Četiri motivacijska čimbenika su dobivena u ovom istraživanju (veći poslovni uspjeh, neovisnost, unutarnji faktor i sigurnost radnog mjesta), kao i sedam čimbenika koji utječu na poduzetnički uspjeh (pozicija u društvu, interpersonalne vještine, odobrenje i podrška, konkurentni proizvod/usluga, vještine vođstva, uvijek biti obaviješten i poslovni ugled). Na temelju tih rezultata i njihove usporedbe s empirijskim nalazima u drugim zemljama, može se zaključiti da su motivacijski čimbenici poduzetnika generički u zemljama u razvoju. Rezultati su pokazali da postoji nedostatak motiva koje se bave održivim razvojem poduzeća u dugom periodu. S druge strane, postoji niz različitih čimbenika koji utječu na uspjeh poduzetnika, koji prvenstveno ovise o trenutnoj situaciji u lokalnoj sredini.

Cljučne riječi: poduzetnik, malo i srednje poduzetništvo, motivacija, čimbenici uspjeha

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