

## **CRITICAL DETERMINANTS OF SUCCESS IN ENTREPRENEURIAL VENTURES AS A TOOL FOR ECONOMIC DEVELOPMENT IN ILARO AREA OF OGUN STATE**

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### **Abstract**

*Many people enter the world of entrepreneurs but only few are successful in the venture. This happens because they do not realize that to be a successful entrepreneur, there are some things that must be in place. This paper therefore, identifies some of this critical factors that determines success in entrepreneurial venture. The study is descriptive in design and it employed the survey approach with the use of questionnaire in gathering its data. The population of the study comprised of entrepreneurs in Ilaro and its environs. The study was carried out in Yewa South Local Government Area of Ogun State. A total of 50 respondents were randomly selected from the population as sample size. Data obtained were presented in tables and analyzed with simple frequency and percentage method. The results revealed that any one aspiring to be an entrepreneur must take into consideration these critical factors which in no small way can contribute to economic development and by extension, add to a nation's gross domestic product.*

**Keywords:** determinants, success, entrepreneurs, economic development

### **Introduction**

Faulty starting is one of the probable causes of business failure and uncertainties accentuate the risk of faulty starting. Uncertainties are rooted in factors which to some extent can be forecast and measures taken to ameliorate the effect. Success in entrepreneurship are determined by a combination of factors and if these interacting factors are properly addressed, then success would result. Sometimes there could be some limiting factors of key importance. Improvement of such limiting factors will permit other factors already present to work effectively and ensure success.

Success means accomplishment of a desired objective. Critical success determinants are interacting influences contributing to the achievement of a designed objective. Such determinants are considered critical if their presence or absence has very significant effect in achieving the set objective. Starting a new business entails risks. The chances of making a successful startup will be better if one understands beforehand the critical success determinants that can contribute to the success of a business enterprise. In addition, it is very important that for any proposed business venture, each of the critical success determinants should be watched and the significance of their probable influence carefully assessed. The potential entrepreneur should examine and balance one determinant against the other in order to ensure that he does not over-estimate his chances of success in starting the business (Braimah&Thionkhan, 2011).

### **What is Entrepreneurship?**

Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks in terms of time,

equity or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; fundamental skill of building solid business plan and finally, the vision to recognize opportunity where others see chaos, contradiction and confusion (Kuratko&Hodgetts in Ubogu, 2011). According to Momoh in Ubogu (2011), entrepreneurs start their own business with innovative ideal, creating innovative products and services with significant impacts on the lives of people. They combine diverse skills and knowledge such as education, engineering, business management, economic and financial management to grow their business to high level of maturity.

Entrepreneurship seeks to prepare people, particularly youths to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers by immersing them in real life learning experiences where they can take risks, manage the results and learn from the outcomes. Through entrepreneurship education, young people, especially in higher education institutions including those that are physically challenged, learn organizational skills, including management, leadership development and interpersonal skills, all of which are highly transferable skills: sought by employers.

### **Types and Characteristics of Entrepreneurs**

Before starting a business, Abraham-Ibe and Okonkwo (2011) identified types of entrepreneur to be as follows:

- **Sole Proprietor Entrepreneurs:** This involves individuals who perform all the work and keep the profits. This includes everything from family-run stores, agent persons, accountants, physicians and lawyers. It can be full-time job because no one else is involved.
- **Opportunistic Entrepreneurs:** This group of entrepreneurs starts a business and expands as fast as possible in order to be able to hire other employees. Usually, these additional employees have the necessary expertise that the owner does not have.
- **Inventors:** Those with particular innovative abilities who develop new ideas and then create companies to produce and sell the items.
- **Collective and Art Dealers:** They include those who take over a business started by somebody else and use their own ideas to make it successful. While art dealers are those who purchase artistic products for the purpose of improving and selling it again for profit.
- **Franchise:** This is an individual who starts a business brand of a well-known company. The franchise owns and runs the new business subject to specifications of the franchisor.

In addition to the above, Olaleye in Abraham-Ibe and Okonkwo (2011) classified entrepreneur as follows:

- **Drone:** These are people who inherit a business. The drone type of entrepreneur is assumed to lack the necessary experience to manage a business and they are sometimes contended with the way they inherit the business and do not take any step to improve it.
- **Parasite and Imitative:** Parasitic entrepreneurs are not entrepreneurs in the real sense but merely collect variation from people and the government. Examples are contractors and agents. The imitative entrepreneurs are those who cannot think creatively but only imitate products in the market and can produce as such.

### **Purpose of the Study**

The main purpose of this study was to find out the determinants of success in entrepreneurial ventures with specific reference to Yewa South LGA of Ogun State. Specifically, the opinions of entrepreneurs were sought concerning activities that were considered critical in the success of entrepreneurship. Their opinions will no doubt serve as a guide to existing entrepreneurs and would-be entrepreneurs.

### **Research Questions**

1. What are the critical determinant of success in entrepreneurial venture?
2. What communication skills are needed by entrepreneurs that can determine success in entrepreneurial venture?

### **Method**

#### **Population**

The population for the study comprised of 50 entrepreneurs randomly selected from Ilaro and its environs in Yewa South Local Government Area of Ogun State, Nigeria.

#### **Instrument**

The instrument used was a structured questionnaire based on the research questions. The validity of the instrument was ensured by submitting it to experts in the field of entrepreneurship and their suggestions were used to revise the instrument. The reliability of the instrument was established using the Test-Retest method, and the Pearson Product Moment Correlation Coefficient. In the instrument, respondents were asked to choose from the two options (i.e. Agree or Disagree) provided for each item based on their conviction. Interview was also conducted to clarify some issues from the respondents. Percentage method was used to analyze the data collected. In analyzing the data collected, a research question was accepted when majority of the respondents agreed to it and was rejected when it was the other way round.

#### **Procedure for Data Collection**

Fifty (50) copies of questionnaire were administered on the randomly selected respondents used for the study. The researchers appointed one research assistant in the collection of the instrument from the respondents. It took the researchers two weeks before they could retrieve all the copies distributed due to the schedule of the respondents.

**Data Analysis and Discussion**

Research question one was used to find the critical determinants of success in entrepreneurial venture.

**Table 1 shows the results of the data collected**

S/NO	ITEMS	Agree		Disagree	
		No	%	No	%
1	Experience in the intended business.	42	84	8	16
2	Assurance of success in starting and sustaining the business.	30	60	20	40
3	Innovative ideas which can be translated into product or service to meet customers’ demands.	38	76	12	24
4	Awareness of business opportunities in the society and the ability to take advantage of it.	40	80	10	20
5	Successful role models to emulate.	35	70	15	30
6	Hard work, self-confidence and luck.	45	90	05	10
7	Availability of government’s aids.	28	56	22	44
8	Credit/supplier assistance and access to capital.	37	74	13	26
9	Availability of required manpower.	36	72	14	28
10	High level of motivation i.e. a strong desire to start a business.	50	100	0	0
11	Right social connections.	32	64	18	36
12	Favourable feasibility study report.	39	78	11	22
13	Ability to take risk with a strong determination to succeed.	43	86	7	14
14	Having a clear business goal.	47	94	03	06
15	General literacy/possession of business skills.	48	96	02	04
16	Family support.	37	74	13	26
17	Ability to cope with competition in the line of business.	46	92	04	08
18	Human relation skill.	40	80	10	20
19	Choice of the right location.	47	94	03	06
20	Possession of information/knowledge about the business trends, sources of funds, market demands and technology relevant to the intended business.	48	96	02	04
21	Managerial ability of the proprietor and his key officers (where applicable).	39	78	11	22
	<b>Total</b>	<b>847</b>	<b>1694</b>	<b>203</b>	<b>406</b>
	<b>Average</b>	<b>40.33</b>	<b>80.67</b>	<b>9.67</b>	<b>19.33</b>

**Source:** Field Survey by the Researcher (2015)

The results of the data collected shows that an average of 40.33 percent of the respondents agreed that all the items listed in Table 1 are critical determinants to entrepreneurial success.

It can therefore be inferred from this result that to be a successful entrepreneur, these critical determinants must be considered. However, some of the respondents were not fully in agreement with Item 7 which states that “availability of government’s aids” is a determinant. They argued that government at all levels only pay lip-service to loan disbursement to entrepreneurs. Entrepreneurs are therefore forced to source for funds from friends, banks,

personal savings, etc. Supporting the above assertion, Odesanya (2012) quoting Ukonu (2012) agree that to start a small business, the entrepreneur can source finance from personal savings, borrow from friends and family as relatives would usually lend money with little or no interest. Writing on the same issue, Nwakky (2012) says research shows that over 90% of new ventures start with whatever money they have from personal resources. The other 10% relies on sourcing for funds from family members (parents and spouse) as the most common.

**Presentation and Analysis of Data Related to Research Question 2**

Research Question Two was used to find out the communication skills needed by entrepreneurs that can determine success in entrepreneurial venture.

**Table 2 shows the results of the data collected**

S/NO	ITEMS	Agree		Disagree	
		No	%	No	%
22	Ability to communicate in English Language.	37	74	13	26
23	Ability to communicate in local language being spoken in the area.	44	88	06	12
24	Capability to draft and process all types of business correspondence.	38	76	12	24
25	Ability to operate the computer.	36	72	14	28
26	Ability to send e-mail.	34	68	16	32
27	Ability to send e-mail.	38	76	12	24
28	Ability to use GSM phones.	46	92	04	08
29	Good humour	47	94	03	06
30	Ability to pass information pleasantly	49	98	01	02
31	Emotional control	50	100	0	0
32	Emotional control	48	96	02	04
	<b>Total</b>	<b>467</b>	<b>934</b>	<b>83</b>	<b>166</b>
	<b>Average</b>	<b>42.45</b>	<b>84.90</b>	<b>7.55</b>	<b>15.10</b>

**Source:** Field Survey by the Researcher (2015)

Results from Table II show that an average of 42.45 percent of the respondents agreed that the items listed were critical determinants for success in entrepreneurial venture. Most of them believe that emotional control, ability to pass information pleasantly and good humour, among others are critical determinants to success in entrepreneurial ventures hence they have the highest percentages.

**Conclusion**

This study has identified various critical determinants for success in entrepreneurial ventures. Some of these critical determinants are high level, of motivation to start a business, general literacy; possession of business skills and ability to take risk with a strong determination to succeed, among others.

**Recommendations**

Based on the findings of this research, the following recommendations are hereby made:

1. Intending entrepreneurs should have adequate information/knowledge about the business, trends, market demands and technology relevant to the intended business.
2. Any potential entrepreneur should aim at staying ahead of competitors in the market. This is possible through constant refresher courses, seminars and workshops in entrepreneurship. By this, more insight to methods and workable approaches could be gained.
3. Potential entrepreneurs should develop a plan and do everything to make the plan work.

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