

The Profile of Private School Owners in Tehsil Lachi District Kohat- Khyber Pakhtunkhwa- Pakistan

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Abstract

This study was conducted in underdeveloped area of *Tehsil Lachi District Kohat*, a city of Khyber Pakhtunkhwa-Pakistan in order to find out the profile of different private schools' owners operating their schools. Ten questionnaires were distributed among the total population of private schools' owners to collect information about them. Results of this cross sectional study are presented in pie chart form and interpreted through simple average method.

Key Words: Funding, Age, Male, Motivation, Private School Owners, Entrepreneurship,

1. Introduction

Entrepreneurs are the back bone of a country's economy and the engines that kept society running. These are people who can build the economics of urban and rural areas across the country. Entrepreneur who organize, manage and measure the risks of a business or enterprise and opportunities which they cerates can further play a crucial role in the social, political and economic development of the country.

We cannot deny the role of young entrepreneurs in building the economy. Young entrepreneurs often try to bring new business ideas which are based on new business models and emerging technologies. Further, Zahir Ahmad Sulehri (2010) says that "Pakistan's future lies in the hands of its youth, especially young entrepreneurs which compose of approximately 25 million people between the age of 15 and 24". These young people should stand up, and work on entrepreneurship, which will surely create jobs and also make significant contribution to the economy. We can take the example of the founders of multi billion dollars corporations; You tube, Face Book, Google and numerous others; theses young billionaire due to their strong vision and commitment turned the people's problems into profitable solution. Similarly in Forbes richest list, our neighboring country India has four billionaires in the list of top 10 richest people in the world. But we youth as future of Pakistan cannot do, although people are as much talented and passionate than rest of the world. In Pakistan getting a secured job in any big company is the most desired and logical option for a graduate. Some how we need to change that mentality. Being an entrepreneur is not bad. In fact, it is really good.

Malik Ahmad Jalal(2010) Director of Pakistan Fast Growth 259 (an organization working for promotion of entrepreneurship in developed and developing countries) said that the "solution to Pakistan's economic challenges lies not in foreign lands, but in the entrepreneurial talent of its own citizens" Pakistan Daily (2010).

Zahid Maqbool, President, ICCI said that Pakistan has immense potential for promoting business enterprises as it has a very young and talented manpower. He further said that promotion of entrepreneurship will create multiple benefits for the country as it will create jobs and reduces poverty. Mr. Anne Habiby, Co-founder of All World Network said that the "Pakistan Fast Growth 25" companies led by dynamic men and women, represents a new future of the country".

Rehmatullah Javed, Chairman, FPCCI SMEs Committee said that this initiative of All World Network will highlight the role of private sector in generating new ideas, new jobs and new industries. JS Bank representative said that we need to find and support new business leaders because they are the future of Pakistan's economy.

We live in a country full of problems, so this means that there are a lot more opportunities here as compared to any other place. So we need to identify problems, build a solution and get supported by organizations like "All Pakistan Entrepreneurs Exchange (APEX)" and "The Indus Entrepreneurs (TIE)".

Under the umbrella of APEX, initiatives were also taken for the launch of Young Entrepreneurs Syndicate (YES) and Social Entrepreneur's Academy (SEA), which would provide platform to young entrepreneurs, students and academic institutions to interact for the development and training for setting up their business.

In addition to The Indus Entrepreneurs (TIE), a leading non-profit entrepreneurship fostering body, which is based on Silicon Valley, the US, is principally focuses on spreading the entrepreneurship globally. TIE was founded in 1992 in Silicon Valley by a group of successful entrepreneurs, corporate executives and senior professionals with roots in the Indus region. In addition to The Indus Entrepreneurs have three chapters in Pakistan; Karachi, Lahore, and Islamabad. They are really very helpful for young entrepreneurs in case of business plan competitions, networking forums, start ups and much more. All these local chapters are operating by renowned entrepreneurs of the country.

Khyber Pakhtunkhwa (KPK)

Khyber Pakhtunkhwa (KPK) is the smallest province amongst the four provinces of Pakistan, here greater parts are the Pashtuns (locally referred to as *Pukhtuns*), While some other minor cultural groups are also living in this province. The Khyber Pakhtunkhwa (KPK) was affected by the incidents in Afghanistan .After the attacks of 11, 2001, Khyber Pakhtunkhwa (KPK) became a front area again as part of the international war on terror. Khyber Pakhtunkhwa (KPK) constitutes about 78% marble production in Pakistan .Major chamber of business and industry are Khyber Pakhtunkhwa (KPK) (Sarhad), Hazara and D.I.Khan chambers.

General Information about Tehsil Lachi District Kohat

This study is conducted in Tehsil *Lachi District Kohat*. It situated about 27km away from Kohat towards the North. Its population is about 0.1million. There are about ten private schools and two Government High Schools for Boys and Girls registered with Board of Intermediate and Secondary Education, Kohat. Recently there is established a Government Degree College in Tehsil Lachi. The people of Lachi are very educated they have strong inclination towards education. As there is a great opportunity in this type of business so therefore this study is conducted to investigate the profile of Private Schools Owners in Tehsil Lachi, district Kohat, KPK-Pakistan.

2. Literature review

Entrepreneurship is contributing a lot in generating employment opportunities, rapid growth, services provision, new technology induction, product and market innovation etc, which ultimately reduces poverty and increases per capita income of country.

Nowadays entrepreneurship is playing very vital role in uplifting the economies of developing countries. The successful entrepreneurship stories are not only coming from Silicon Valley and Cambridge Research Park but also coming from Beirut, Saudi Arabia as well as from Pakistan. Specifically Air Blue Success story (the first paperless airline in the world which quickly acquired 30% share of the country domestic market) (Keyes and Shadow, 2010,p.55). Entrepreneurship is occurring in Pakistan and it is important that successful entrepreneurs such as those created Servaid Pharmacy, Air Blue or the university start up and enterprises emerging now in different cities of Pakistan are recognized and receive visibility that they need to grow into larger business and this will compel the economy of country forward. Such trends will motivate young generation to be not only job seeker rather jobs creators and entrepreneurs. Entrepreneurship is a phenomenon of great interest throughout the globe, especially in developing economies because of its contribution towards the economic development of a

country (Samli, 2002) particularly by creating employment, service provision and reducing poverty. Interest, concentration and research in entrepreneurship have been rising over the past few years (Green *et al.*, 1996; Outcalt, 2000, p.10; Alstete, 2002; Morrison, 2000; Rohaizat and Fauziah, 2002, p.30 and Frank *et al.*, 2005) due to its role in boosting economic growth and development of a country. In the same way enterprises “creating and introducing new products and technologies, can generate extraordinary economic performance and have been seen as the engines of economic growth” (Schumpeter, 1934, 1954; Brown and Eisenhardt, 1998, p.35). Further “a positive relationship between entrepreneurship and economic growth has been widely agreed upon” (Carree, Stel, Thurik, and Wennekers, 2002).

Entrepreneurial activities take part an important role in local employment creation; resources utilization; and income generation and in helping to promote change and innovation in gradual and peaceful manner. Entrepreneurship has long been regarded as a significant factor in national economic growth and development (Schumpeter, 1934 and Wilken, 1979.p.12).It is the entrepreneurial activity that builds industries and businesses and turn companies and countries into economic power houses (Naqi, 2003,p.4).The general attitude reflected by academics and policy makers indicates an assumption that the absence of economic development is due to an absence of entrepreneurs and entrepreneurial spirit (Coyne and Leeson, 2004).

Hisrich and Peters(1989) said that “entrepreneurship is the process of creating something of value by devoting the necessary skills, time and effort, and, assuming the accompanying financial and sometimes physical and social risks, to reap the resulting monetary rewards and personal satisfaction”.

Most of the emerging theories and prescriptions for entrepreneurship are derived from the growing body of knowledge comprising of the studies conducted in developed countries (Lerner, Brush and Hisrich,1997). One of the main reasons is the scarcity of research conducted on the topic in developing countries (Allen and Truman, 1993).Most of this work has been conducted by the international development agencies, which have tended to focus from a ‘macro-perspective’ (Wees and Romijn, 1987).This study is conducted for the first to measure the profile of private school owners in Tehsil Lachi of district Kohat, KPK-Pakistan.

3. Research Design and Method:

This research has been designed to measure the profile of private school owners in Tehsil Lachi District Kohat-KPK-Pakistan. While designing the research of this study, it was kept in mind that it should serve the purpose practically and should be in line with the objectives of the study. This research is a cross-sectional study in which the data is collected only once over a period.

The data is collected through questionnaire backed by interview from respondents operating their private schools registered with Board of Intermediate and Secondary Education Kohat. Analysis of questionnaires were done through simple average method and presented in Pie charts in order to present specific and accurate information. Apart from the primary data, secondary data also be used to conduct this research and to make this research effective. Secondary data is obtained mainly from internet and articles etc.

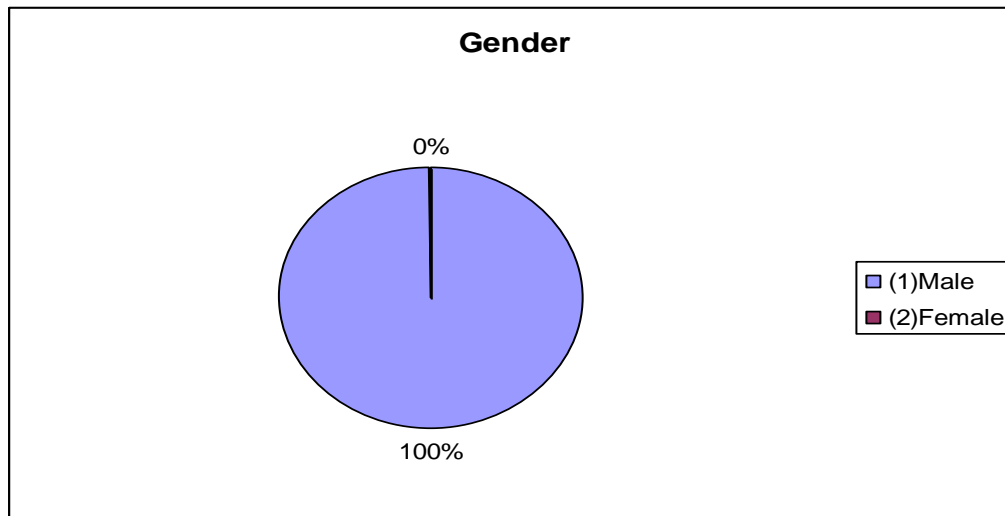
4. Data Analysis and Interpretation

As stated above that this research study meant at gaining insights into the profile of the private schools owners in *Tehsil Lachi District Kohat of KPK-Pakistan*. For this purpose ten questionnaires were distributed among the respondents working in their areas. As described above that analysis of questionnaires were done through simple average method and presented in Pie charts forms.

Private school owners are investigated on the basis of gender, age groups, local and non-local, types of Ownership, funding, education level, number of employees, time distribution between school and family matters, motivation and building of school. Following is the detail and their presentation.

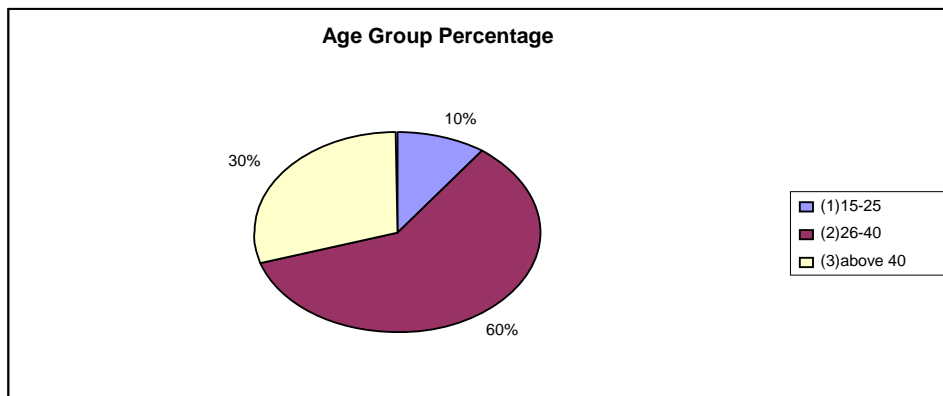
1. Gender:

All the private school owners are male while the proportion of female school owners is nil. This shows male dominated factors in our society.



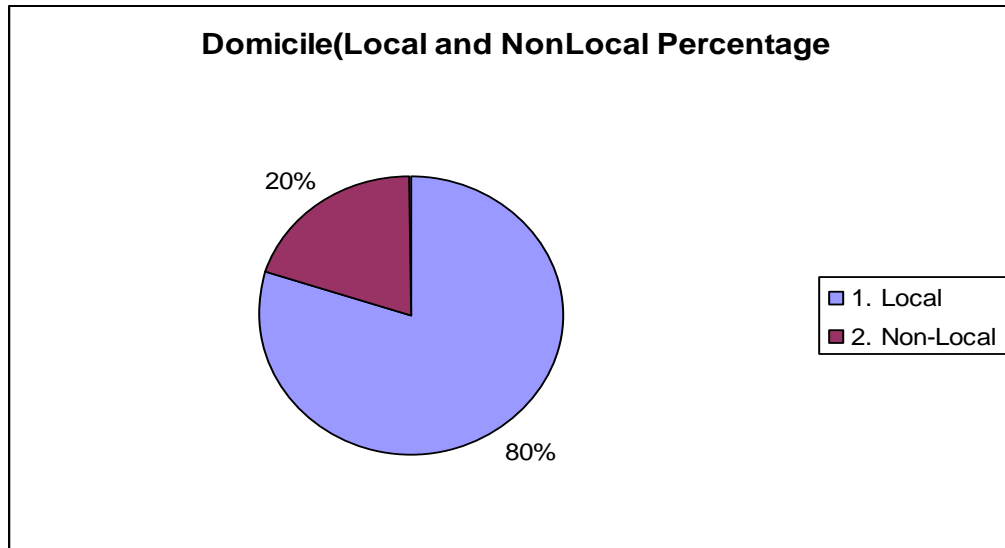
2. Age Group Percentage:

Age has been arranged into three age groups as (1)15-25, (2)26-40 and (3) above 40 for the private school owners. There are about 10% whose ages are in between 15-25 and 60% whose ages are in between 26-40 and 30% whose ages are above 40 years. This has been presented in the following Pie Chart.



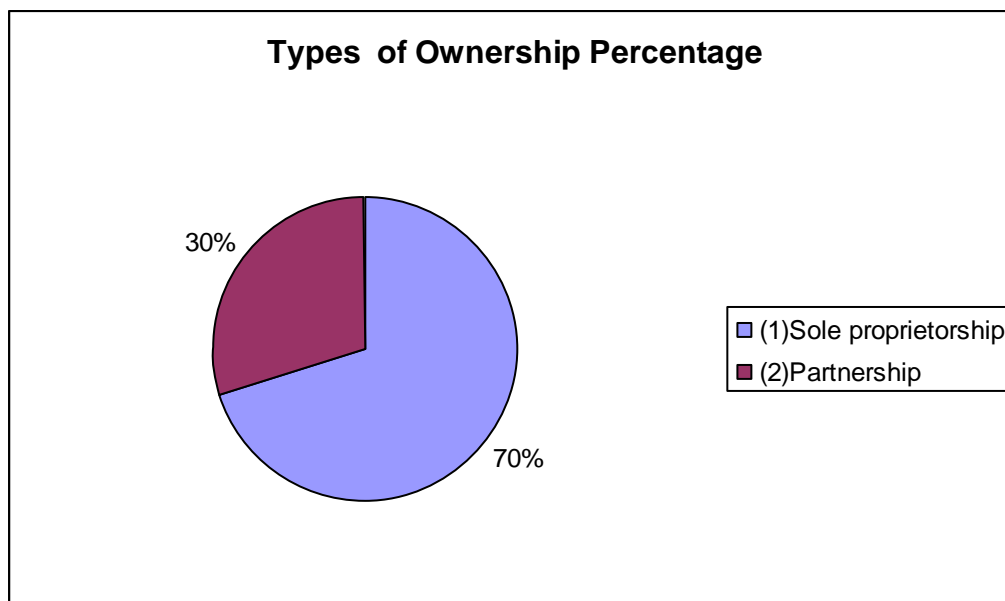
3. Domicile (Local and Non local):

In case of domicile (local and non-local), owners of private school are divided into local and non-local groups. The computed result shows that 80% of private school owners belong to Local area i-e Tehsil Lachi and about 20% are Non-local as indicated in Pie chart.



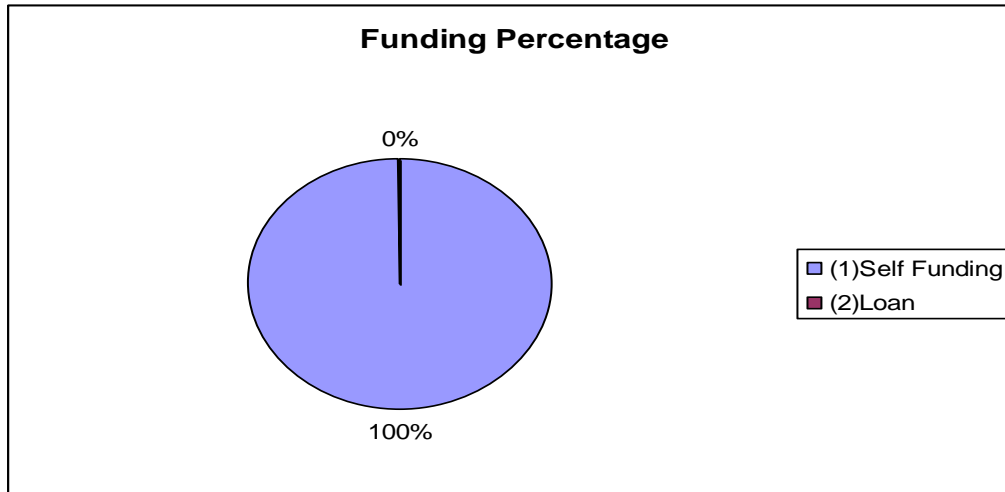
4. Types of Ownership:

The result about types of ownership indicates that 70% are sole proprietors and 30% are based on partnership type of business.



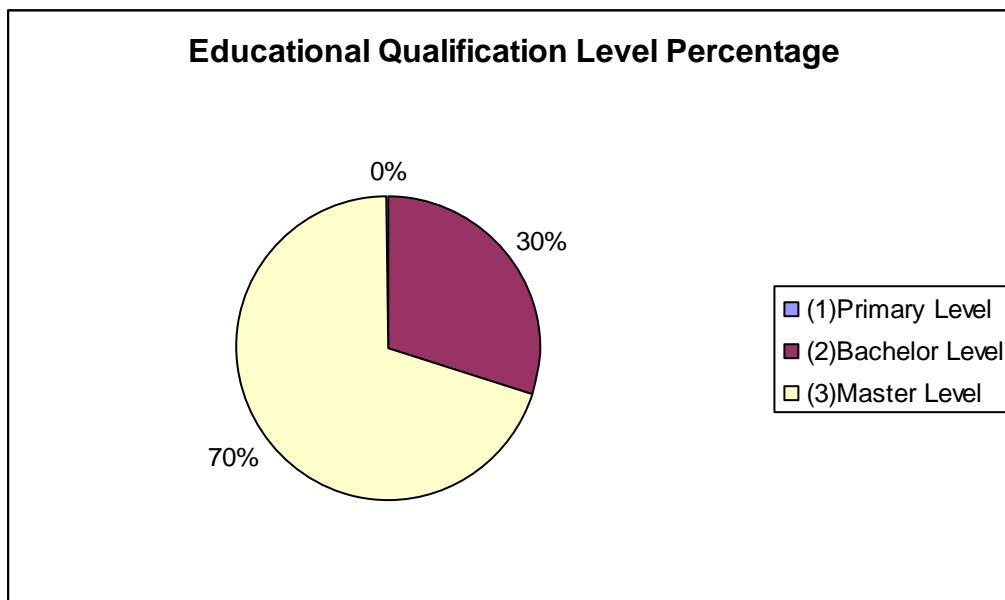
5. Funding Proportion:

All the private school owners are utilizing self funding into their business as they said that depending on the Loan is not suitable for their business. Therefore, they prefer self funding as revealed in following pie chart.



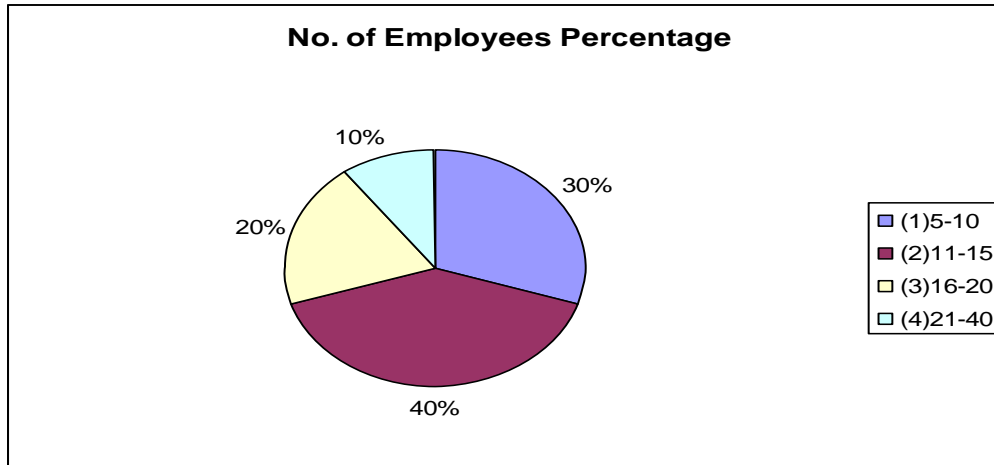
6. Education Level:

The educational qualification of schools' owners as computed from the questionnaire indicates that there are about 30% owners whose education qualification is Bachelor and 70% have Master Degree as indicated below:



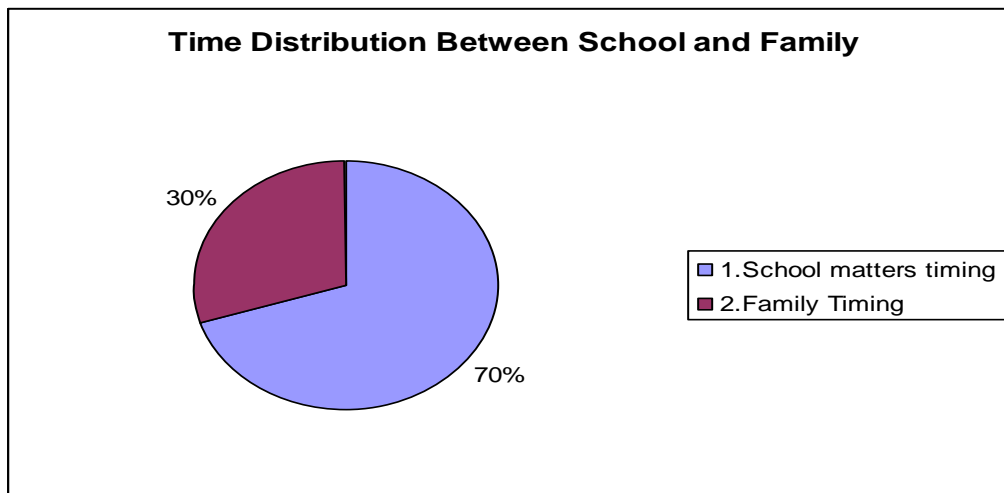
7. Number of employees:

The number of employees is arranged as (1)5-10, (2) 10-15, (3) 15-20 and (4)21-40. The computation shows that about 30% of employees range from 5-10, 40% range from 11-15, 20% range from 16-20 and remaining 10% have the employees that range from 21-40.



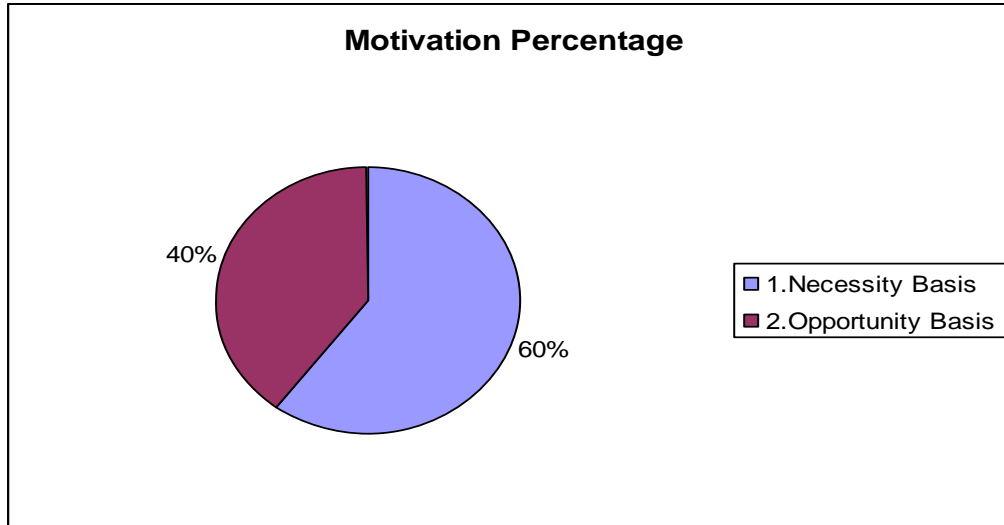
8. Time distribution between school and family matters:

The proportion of timing distribution regarding school and family matters is 70% and 30%. It means that private school owners argued that they find it very difficult to keep equilibrium between school operations and social life as they are faced with very little time for their social life and family due to extensive hours of work. This timing proportion has been indicated in Pie chart.



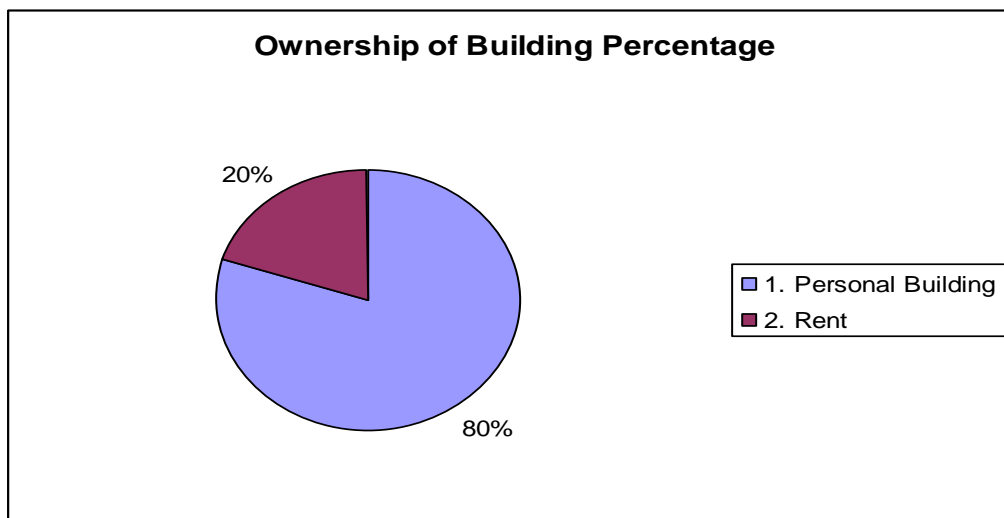
9. Motivation (Necessity basis/Opportunity basis)

The result about types of motivation indicates that there are 60% those who started their private school to meet personal needs and to get handsome earnings relative to their hard work and 40% started due to capture opportunity in the market as displayed in Pie chart.



10. Building Ownership:

The result about the ownership of building indicates that about 80% school owners are using their personal building and about 20% have their school building on rent.



4. Discussion and Conclusion

From the above calculation of data from questionnaires about the profile of private school owners showed that in Pakistani culture and particularly in KPK province male are liable for earning and preservation of their family members but women establishes the business enterprise usually to gratify their personal needs. Ufuk and Ozgen (2001a, 2001b) and Benzing *et al.* (2009) also examine similar patterns among the small business entrepreneurs in Turkey.

Similarly, analysis of data also indicates that private school owners enter with this expectation of a higher income to input/effort ratio from their business as compared to that from doing some job somewhere else. In other words it means that at the time of establishing

their schools, they were highly motivated by the fact that “The higher the effort, the higher will be the income” and they thought that doing a job anywhere else would have provide them a fixed income in spite of their efforts or hard work. Similarly, employment of family member is also a major factor that motivates those (private school owners) to establish their own school.

Thus, it is suggested that environment plays very important role in flourishing the entrepreneurial culture in our society. But in KPK province necessity-based entrepreneurship is more dominant as compare to opportunity - based entrepreneurship because mostly enterprises are established by the businessmen to fulfill their personal needs. Moreover at present in Pakistan and particularly in KPK province, the environment is not favorable due to adverse law-and-order situation, electricity shortages, increasing fuel and electricity charges, war against terror as well as financial constraints which can create negative impact on existing and potential entrepreneurs in terms of their future status which may guide individuals to choose salaried jobs in public or private sectors instead of running their own business. Thus sufficient incentives toward entrepreneurship and favorable business environment can be helpful for the development of any entrepreneurial vision of individuals as well as to provide opportunities for an entrepreneurial class to come forward.

Similarly the proportion of sole proprietorship (70%) is high than as compare to partnership business (30%). Particularly in KPK province mostly businesses are family oriented, that is why, and these businesses are dominated by sole proprietors. Moreover there are too much cultural constraints; due to this partnership oriented businesses are not durable. For example In partnership type of business, mostly partners are relatives and friends etc. and some time this relationship become demerit and creates mistrust among the partners which leads to inconsistency in the business. In the same way all the partners are not actively participating in to the matter of business which creates disrupt in to the business cycle. The sleeping partner and the active partners involved in to the mistrust situations which again leads to inconsistency in the business. Similarly the people are initiating enterprises informally, which means that they have no idea of any necessary documentation which is very significant for the startup of any partnership business. It means that they are not signing any kind of partnership deed or something else. As per research findings such type of situations creates embarrassments in partnership type of business which makes negative impact. Therefore, to deal with this matter and to encourage partnership type of business, there should be a proper legal partnership agreement among the partners and should also be encouraged to promote formal documentation among the business community of KPK province. There is a need to create awareness in this context because; there is no culture of formal documentation among business community, especially in this province of Pakistan.

Further, the investigation of responses shows that 100% providing self funding. Access to the resources is other important issue which must be addressed in order to exploit opportunities well before time. There is a need of more flexible banking policies to give loan at minimum markup with easy repayment options by considering the unavailability of collateral and their incapability to build up feasible business plans. Thus, in KPK province facilities should be provided to business community to get capital from one window operation through formal source of finance instead of informal sources because in most of the cases start-up capital were provided by their family and friends. Further, time constraint while taking the loan should be reduced, so that an applicant can get loan at the right time for utilization with out too much

complicated procedure. In this context, government should make policies and insure its proper implementation in favor of business community in KPK province. Taxes should be reduced and loans-sanctioning procedure must be simplified.

At the end it is concluded that for the promotion of entrepreneurship development media must play its important role through publishing/broadcasting successful entrepreneur's stories by showing them as positive role models. This will not only create positive impact on rest of our society to make decision and choices about their careers but will also generate appropriate atmosphere for their family members to allow them to enter into business activities and earn handsome money as well as to create more job opportunities.

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