

# Explaining Entrepreneurial Success of SMEs Entrepreneurs: The Role of Entrepreneurial Characteristics

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## Abstract

*Small and medium sized enterprises have significant role in sustainable economic growth and country. This study aims to investigate the entrepreneurial characteristics predicting entrepreneurial success of small and medium sized enterprises. Following analytical research design, this study collected data using structured questionnaire from 263 entrepreneur managers. Result revealed that entrepreneurial motivation, entrepreneurial self-efficacy, and risk-taking propensity have significant role in predicting entrepreneurial success of SMEs but refuted for entrepreneurial innovativeness. Moderating role of gender was examined in the study. The result advocates that the study contributes to the entrepreneurial competency theory and contributes for policy makers for entrepreneurial growth for sustainable development goals.*

**Keywords:** *Entrepreneurial success, entrepreneurial motivation, entrepreneurial self-efficacy, entrepreneurial innovativeness, entrepreneurial characteristics, risk-propensity*

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## Introduction

Entrepreneurship success has captured the attention of both scholars and policymakers during the last decades (Fatoki, 2018; Acs, Astebro, Audretsch, & Robinson; 2016) with a global concern of the business sustainability. In the new era of business competition, entrepreneurial success is not only an economic driver of the individual entrepreneur but one of the economic indicators of the nation (Ahmad, 2010; Schumpeter, 1990); and the reality is no exception for small business enterprises (SMEs). Unfortunately, no adequate attentions has been paid to the small business venture success in the research (Curran, & Blackburn, 2009, Simpson, Tuck, & Bellamy, 2004, Beaver, 2002), no specific progress has been achieved if the research works have been done (Simpson, Tuck, & Bellamy, 2004).

SMEs are more important in national socio-economic status (Wang & Chege, 2020; Fatoki, 2018) through creating jobs (Pu, Qamruzzaman, Mehta, Naqvi, & Karim, 2021; Chege & Wang, 2020; Lin, Song, Sharma, & Lee, 2020; AstaTarutė & Gatautis, 2014; Singh, Garg, & Deshmukh, 2008), poverty reduction, and the sustainable development. SMEs contribute for 60 percent of the total domestic employments and 22 percent in the GDP of Nepal (Economic Survey, 2019/20). Thus, the success of SMEs could be the landmark for the economic backbone of any nation (Suriyankietkaew & Avery, 2016).

The success rate of the SMEs is relatively very low (Yusoff, Wahab, Latiff, Osman, Zawawo & Fazal, 2018; Jebna & Baharuddin, 2013). The meaning and determinants of entrepreneurial success may be different for the different firms based on their scale of business, nature of ownership, personal factors of the entrepreneur and market factors. There could be a number of antecedents of the business success, either personal or non-personal (Simpson, Tuck, & Bellamy, 2004), albeit there is no unanimity in the meaning of business venture success. Growth, sales turnover, and sustainability are the common understanding regarding the meaning of small venture success, but these factors failed to agree on business success (Watson et al., 1998). In most of the previous studies have focused only on external factors to predict the entrepreneurial success, limiting the personal factors of entrepreneurs. In this study, entrepreneurial success has been examined in terms of the personal factors of the entrepreneur.

Personal factors e.g., risk-propensity, innovativeness, self-efficacy, and self-motivation are the most significant for success of business venture (Densberger, 2014; Tyszka, Cieřlik, Domurat & Macko, 2011). In the light of SMEs success, such factors need to be investigated in each socio-economic context which is no more in public domain in Nepal as far as the authors' knowledge. The study contributes in sustainable entrepreneurship by linking personal factors i.e., entrepreneurial characteristics for SMEs success based on the research questions a. whether the personal factors i.e., entrepreneurial characteristics contribute in entrepreneurial success b. whether gender of the entrepreneurs influence the entrepreneurial success.

### **Literature review, theoretical foundation and hypothesis formulation**

Although there is a substantial amount of literature on intentions and motives to start a business venture (e.g., Elnadi, Gheith, & Farag, 2020; Santos, & Liguori, 2019; Perera, & Nishantha, 2015; Altinay, Madanoglu, & Daniele, 2012), success techniques (Fatoki, 2018), reasons for failure (Mayr, Mitter, Kücher & Duller, 2020; Ropega, 2011); its depth and breadth indicate that it requires constant updates in the current studies. Investigations on entrepreneurial success from the internal factors i.e., the entrepreneur characteristics is the motive of this research.

As this study attempts in examining the personal factors of entrepreneur for the entrepreneurial success, the founding theory of this study is the entrepreneurial competency theory. Entrepreneurial competencies are the generic characteristics in addition to the specific motivation, self-image, innovative traits, and social roles (Bird, 2019). Based on this theory, each entrepreneur differs in terms of venture start-up and success (Mitchelmore, & Rowley, 2010; Thomas, Lau, & Snape, 2008).

### **Entrepreneur characteristics and SMEs success**

Main actors of the SMEs success are the entrepreneurs (Hsieh et al. 2019) as they are creator, leaders and operators (Alvarez, & Busenitz, 2001) of the business for the development and success (Bruderl, Preisendorfer & Ziegler, 1992). They often directly influence business operations and are crucial for organizational development and success (Kang et al., 2021; Kassa, & Raju, 2015; Adachi, & Hisada, 2017; Croson, & Gneezy, 2009). Risk-propensity, entrepreneurial motivation, innovativeness, self-efficacy and demographics are the entrepreneur characteristics influencing SMEs success.

H1: Entrepreneurial characteristics positively influence to the entrepreneurial success.

### **Risk-propensity and entrepreneurial success**

Risk-propensity characteristic is the entrepreneur's tendency of accepting or avoiding the risk of business. Though the risk-propensity may change with experience (Sitkin & Pablo, 1992; Sitkin & Weingart, 1995), risk-taking propensity of entrepreneur characteristics influences the creativity which assures positivity to success (Chatterjee, Das, & Srivastava, 2018; Stefanovic, Prokic, & Rankovic, 2010; Abdullah, Hamali, Deen, Saban, & Abdurahman, 2009; Alstete, 2008; Chen, 2007). But, Wang and Warn (2018) revealed that risk-taking factors negatively impact existing businesses. Based on this, following hypothesis was

formulated.

H2: Risk-propensity has positive significant influence to the entrepreneurial success.

### **Entrepreneurial self-efficacy and entrepreneurial success**

Self-efficacy is the entrepreneur's self-belief on personal capability to execute specific jobs or behavior to produce the optimal specific performance (Bandura, 1977). Self-efficacy is the indication of person's imagination regarding goal attainment, and work motivation and engagement in accomplishment of the goal (Gallagher, 2012) in a given circumstance (Wood & Bandura, 1989). Entrepreneurial success vary with the respondent self-efficacy typically influences the general personality regarding the self-assessment for entrepreneurial opportunities, financial preparation, business projection, and implementation of the startup idea (Omoredede, 2014; Uddin & Bose, 2013). Higher the self-efficacy of the entrepreneur, higher will be the chance of entrepreneurial success (Srimulyani, & Hermanto, 2022; Chatterjee, Das, & Srivastava, 2018). Based on the literature, following hypothesis has been set.

H3: Entrepreneurial self-efficacy has positive significant influence to the entrepreneurial success.

### **Entrepreneurial innovativeness and entrepreneurial success**

Innovativeness refers the ability of creating something new for the consumers in the market or the progressing process of service delivery. It is the personal characteristics of an entrepreneur driving for new ideas and strategies for creating and introducing new to the consumers. Innovative entrepreneurs explore the social needs, changing consumers' behavior and develop the new business model to increase the competitiveness. Innovativeness can significantly predict the entrepreneurial intention (Wathanakom, Khlaisang, & Songkram, 2020), and entrepreneurial success (Chatterjee, Das, & Srivastava, 2018).

Innovativeness develops new opportunities, create process, products, or services (Linton, 2019; Dess & Lumpkin, 2005). Entrepreneur's innovativeness significantly influence the adoption of innovations in SMEs (Kusa, Duda, Suder, 2021; Ng, & Kee, 2018; Ngah, & Salleh, 2015; Marcati, Guido, & Peluso, 2008) and success (Ng, & Kee, 2018. Umar, Omar, Hamzah, Hashim, 2018). Based on this, the following hypothesis was developed.

H4: Innovativeness of entrepreneur has positive significant influence on the entrepreneurial success.

### **Entrepreneurial motivation and entrepreneur success**

Entrepreneurial motivation is the inner state of an individual to be entrepreneur. Various personal as well as the external factors contribute as the motivators to be entrepreneur. Developing independent economic identity (Mahto & McDowell, 2018), desire to do something new, seeking self-contribution in socio-economic situation, and experience in relevant field are the most significant personal motivating factors to be entrepreneur while the policy support, government incentives and support, market demand, and encouragement from family and friends could be the external motivating factors. Entrepreneurial motivation encourages an individual for making decision making of creating new business (Barba-Sánchez, & Atienza-Sahuquillo, 2017). Entrepreneurial motivation plays an impactful role in SMEs success (Srimulyani, & Hermanto, 2022; Kusa, Duda, & Suder, 2021). Based on these literatures, we developed the following hypothesis.

H5: Entrepreneurial motivation has positive significant influence on the entrepreneurial success.

### **Moderating role of gender on entrepreneurial success**

Gender differences influences the psychological behavior relating to risk-propensity, creativeness, leadership approach, and perceiving the uncertain situations. Women are less risk bearer, less overconfident, creativity, and work engagement (Kang et al., 2021; Adachi, & Hisada, 2017; Croson, & Gneezy, 2009). This helps to generate the competitive advantages of SMEs to foster success and sustainable growth (Kassa & Raju, 2015).

H6: Gender of the entrepreneur significantly moderates the entrepreneurial success.

## **Methodology**

This study followed a quantitative approach and explanatory research design, conducted in the year 2022 within the Bhaktapur Municipality, Nepal, which is a known area for SMEs. The 632 SMEs, for the study, as per Industrial Enterprises Act 2020 classification of business enterprises, business organizations having fixed capital not more than 150 million and different than small and cottage industry (small industry) and fixed cost exceeding 150 million but not exceeding 500 million (medium industry) having employees 5 to 99, registered and operating in Bhaktapur Municipality were the population for the study. 300 firms were selected for the study sample based on cluster sampling, based on manufacturing, trading, and service firms. Among the sample organizations, more common business firms were handicrafts, boutiques, garment retail shops, beauty parlors, fitness centers, IT services, and café and restaurants.

For the data collection, a survey was conducted with structured questionnaire. The variables used in the study were adapted from different scholars; entrepreneurial motivation was extracted from Chu, Kara, Zhu, and Gok (2011), innovativeness, risk-taking propensity, and self-efficacy were extracted from Chatterjee, Das, and Srivastava (2018). Similarly, entrepreneurial success was adapted from Chatterjee, Das, and Srivastava (2018). For the rigor, the adopted item statements were contextualized and then translated into Nepali and checked for intern translator consistency. Among the 300 respondents, only 263 respondents (firm's owner manager) replied the questionnaire with complete information.

Major section of the questionnaire was developed in the five-point Likert scale with - 5 for strongly agree (SD), 4 for agree (A), 3 for neither agree nor disagree (N), 2 for disagree (DA), and 1 for strongly disagree (SDA). A higher weighted average score of the response on a variable indicates greater importance of the variable. For the reliability of the information, Cronbach's Alpha was used with cut-off point 0.7. Descriptive and inferential statistics were used to examine the result and test the hypotheses as 5% level of significance. Significant Beta coefficients were compared to explain the extent of influence of factors to predict the entrepreneurial success.

## **Results**

### **Demographic distribution of the respondents**

The basic demographic profile was included in the first part of the questionnaire. Out of 263 respondents, 127 males and 136 females reported in the questionnaire. Among the total sample, most of the respondent's (142) entry age in business was 20-25. 102 respondents were doing their business for 10-14 years. Regarding the family background, 157 respondents were from business family background. In a business start-up, a majority of 216 respondents took advice from other business owners or family members.

### **Reliability of the data**

All the variables are reliable as Cronbach's alpha value greater or equal to 0.6 is acceptable (George & Mallery, 2003). The entrepreneurial motivation, risk-taking propensity, innovativeness, self-efficacy, and entrepreneurial success have the Cronbach's alpha as 0.675, 0.643, 0.680, 0.821, and 0.770 respectively.

### **Descriptive findings on entrepreneurial motivation**

It was found that entrepreneurs are guided by entrepreneurial motivation (weighted average response 3.52 with SD = 1.23). Majority entrepreneur respondents reported that they have the motivation to start venture and motivated to make it success because of the high job security in self-owned business (*See table 1*). Among the four motivation factors, entrepreneur reported low average response on 'proving own ability' (average 3.38 and sd 1.21). Entrepreneurs start their venture and workout their best for the venture success because of being own boss, and enjoying the economic freedom.

Table 1

Average response regarding entrepreneurial motivation of entrepreneurs

Entrepreneurial motivation	SDA	DA	N	A	SA	Average	SD
To be own boss.	30	27	53	76	77	3.54	1.32
To prove own ability.	16	59	81	50	57	3.38	1.21
To have always job security.	21	13	95	44	90	3.64	1.22
To enjoy personal economic freedom.	0	86	18	91	68	3.54	1.19
Weightage Average Response						3.52	1.23

Risk-taking propensity was the another variable examined as the predictor of entrepreneurial success. Four statements were retained after the reliability test (*see in table 2*). Responses on the statements of risk-propensity factors describe that the entrepreneurs have higher risk-propensity as majority respondents have reported dissatisfaction on the statements (as statements have passive intention). Respondents have shown their confidence on the frequent market opportunities, ability of handling business even without stimulation to secure, loss recovery with self-ability, and handle the big loss and disappointment by their own. Such evidences show that the majority entrepreneurs have higher risk bearing ability.

Table 2

Average response regarding the risk-taking propensity of entrepreneurs

Risk-propensity statements	SDA	DA	N	A	SA	Average	SD
You believe that opportunity generally knocks you only once.	69	49	41	59	45	2.86	1.46
You generally prefer stimulation to secure.	71	44	48	42	58	2.89	1.51
You have confidence in your ability to recover from your mistakes no matter how big.	66	63	57	39	38	2.70	1.37
You can handle big losses and disappointments with little difficulty.	67	51	77	23	45	2.73	1.38
Weightage average response						2.79	1.43

Entrepreneurial innovativeness is another predictor of the entrepreneurial success examined in the study. Result revealed that the respondent entrepreneurs prefer to be less innovative (*see table 3*). Respondents reported that they prefer working in the same way that they know previously (average response 3.27, SD 1.39), providing the evidence of traditional mindset in designing new processes. Lower average response than three (cut-off point) indicate that the respondents have tendency of doing their business with the more traditional approaches. This could be because of the higher cost of innovation or the poor expectations of consumers for innovative goods, services and process.

Table 3

Average response regarding innovativeness of entrepreneurs

Innovativeness statements	SDA	DA	N	A	SA	Average	SD
You often surprise people with your novel ideas.	66	58	74	24	41	2.68	1.36
You like to experiment with various ways of doing the same thing.	74	63	94	7	25	2.41	1.20
You obtain more satisfaction from mastering a skill than from coming up with a new idea.	66	59	86	5	47	2.65	1.36
You prefer work that requires original thinking.	82	58	59	39	25	2.49	1.32
You usually continue doing a new job in exactly the way it was taught to me.	43	29	72	51	68	3.27	1.39
Weighted average response						2.70	1.32

Self-efficacy is the self-belief of the entrepreneurs for the entrepreneurial success. Higher self-efficacy of the entrepreneurs tend to have higher level of entrepreneurial success. The study revealed a relatively fair self-efficacy (average 2.98, SD 1.40) of the SMEs entrepreneurs under the study area (see table 4). Specially, entrepreneurs reported that they are weak in mitigating the challenges of difficult situations emerged because of the task and environment.

Table 4

Average response regarding the entrepreneurial self-efficacy of entrepreneurs

Self-efficacy statements	SDA	DA	N	A	SA	Average	SD
You will be able to achieve most of the goals that you have set for yourself.	63	31	57	57	55	3.04	1.46
When facing difficult tasks, you are certain that you will fulfill them.	54	39	90	39	41	2.90	1.32
You think that you can obtain outcomes that are important to you.	52	37	74	44	56	3.06	1.40
You are able to successfully overcome many challenges.	69	33	62	52	47	2.90	1.44
Weighted average response						2.98	1.40

Regarding the entrepreneurial success, self-reported perceptual response was collected as the financial growth was almost impossible to collect because of private firms have no mandatory to publish the financial statement. Result revealed almost fair entrepreneurial success of SMEs owners in Bhaktapur (see table 5). Respondents have reported that the business world demands training sessions and business experience sharing of the entrepreneurs. In addition, the turnover rate of the employees in respondent entrepreneur is low and employee attraction is high. Such evidences have reported as the factors to justify the entrepreneurial success.

Table 5

Perceived response regarding the entrepreneurial success of entrepreneurs

Entrepreneurial success statements	SDA	DA	N	A	SA	Average	SD
I feel I'm success in business as the attraction of good employee to my organization.	47	55	55	41	65	3.08	1.44
I feel I'm success in business as I can pay more time for business.	47	48	70	41	57	3.05	1.39
I feel I'm success in business because I have low employee turnover.	36	38	86	45	58	3.19	1.31
I feel I'm success in because of my involvement in community activities.	46	56	73	32	56	2.98	1.38
I feel I'm success in business because of easy access in investment capital.	38	31	71	54	69	3.32	1.36
I feel I'm success in business because of demand of my business experienced in business world.	0	10	78	68	107	4.03	0.93
I feel I'm success in business as I give training demand frequently for business operation.	0	1	75	84	103	4.10	0.83
I feel I'm success in business as I have support from local government rules.	71	83	60	49	0	2.33	1.07
Weighted average response						3.26	1.21

As the literature suggests the moderating effect of gender of entrepreneur. Independent sample t-test was used to examine whether male and female entrepreneurs have significant difference in entrepreneurial motivation, innovativeness, risk-propensity, self-efficacy, and entrepreneurial success.

The independent samples t-test revealed that the entrepreneurial innovativeness of male entrepreneurs (average = 2.57, sd = 0.87) reported lower levels of entrepreneurial innovation ( $t=-2.30, p=.02$ ) than the entrepreneurial innovation of the female entrepreneurs (average = 2.82, sd = 0.87). (see table 6)

Likewise, for examining whether the risk-propensity of male and female entrepreneurs is significantly different, independent sample t-test revealed non-significant risk-propensity ( $t=- 1.084, p=.279$ ) (see table 6).

Table 6  
Test of moderating effect of gender

		Levene's test for equality of variances		t-test for Equality of Means		Sig. (2-tailed)	Mean Difference	95% confidence interval of the difference	
		F	Sig.	t	df			Lower	Upper
Entrepreneurial innovativeness	Equal variances assumed	0.184	0.668	-2.299	261	0.02	-0.247	-0.46	-0.04
	Equal variances not assumed			-2.30	259.92	0.02	-0.247	-0.46	-0.04
Risk-Propensity	Equal variances assumed	4.015	0.046	-1.084	261	0.279	-0.125	-0.351	0.102
	Equal variances not assumed			-1.09	260.45	0.28	-0.12	-0.35	0.10
Entrepreneurial self-efficacy	Equal variances assumed	0.188	0.665	-1.566	261	0.119	-0.219	-0.494	0.056
	Equal variances not assumed			-1.57	258.87	0.12	-0.22	-0.49	0.06
Entrepreneurial motivation	Equal variances assumed	0.72	0.397	-1.69	261	0.09	-0.183	-0.396	0.030
	Equal variances not assumed			-1.69	259.30	0.09	-0.18	-0.40	0.03
Entrepreneurial success	Equal variances assumed	1.104	0.294	-1.536	261	0.126	-0.138	-0.315	0.039
	Equal variances not assumed			-1.53	253.96	0.13	-0.14	-0.32	0.04

Similarly, the entrepreneurial self-efficacy of male and female entrepreneurs have not significantly different ( $t= -1.566, p=.119$ ) (see table 6). This result indicates that male and female entrepreneurs have statistically same level of self-efficacy for initiating, operation and succeeding the business venture.

Regarding the entrepreneurial motivation, similar result is revealed by independent sample t-test. Male and female entrepreneurs have equal level of entrepreneurial motivation ( $t= -1.69, p=.09$ ) (see table 6). The purpose or the motive to be entrepreneur is statistically same for male and female entrepreneurs.

Gender is not found to be significant moderator for the entrepreneurial success. Result revealed statistically same level of entrepreneurial success ( $t= -1.536, p=.125$ ) (see table 6). This result provides the evidence to refute the hypothesis H5 i.e., gender of the entrepreneur significantly moderates the entrepreneurial success is rejected.

Table 7 provides the positive association between the variables. Result revealed positive significant relationship between variables. Between the predicting predictors provides low chances of multicollinearity ( $r < 0.7$ ). Similarly, the result also suggest that the entrepreneurial success is positively associated with the predictor variables i.e., risk-propensity, entrepreneurial innovativeness, entrepreneurial self-efficacy, and entrepreneurial motivation.

Table 7

Association between variables

Variables	RP	EI	ESe	EM	ES
Risk-propensity (RP)	1				
Entrepreneurial innovativeness (EI)	.434**	1			
Entrepreneurial self-efficacy (ESe)	.598**	.591**	1		
Entrepreneurial motivation (EM)	.324**	.438**	.692**	1	
Entrepreneurial success (ES)	.524**	.481**	.799**	.690**	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

Examining the effects predicting variables and their contribution was the major objective of the study. It was done with the regression analysis (see table 8). Result revealed a significant model (F= 138.458, p <0.01) with Adj. R<sup>2</sup> value 0.677, i.e., good predicting model for entrepreneurial success. VIF values near less than 10 provided empirical evidence of absence of multicollinearity issue and Durbin-Watson value nearest to 2 provided the evidence of absence of autocorrelation effect.

Table 8

Impact of predictors on entrepreneurial success

	Unstandardized	Standardized	t	Sig.	Collinearity	Model		Durbin-Watson
	Coefficients	Coefficients			Statistics	significant		
	B	Beta			VIF	F	Sig.	
Const.	1.181		9.372	0.00				
RP	0.088	0.113	2.522	0.012	1.626			
EI	-0.011	-0.013	-0.296	0.76	1.569	138.458	.000b	2.107
ESe	0.349	0.543	8.836	0.00	3.066			
EM	0.235	0.283	5.74	0.00	1.977			

Result revealed positive significant impact of risk-taking propensity, entrepreneurial self-efficacy and entrepreneurial motivation at a 95 percent confidence level with a coefficient of 0.088, 0.349 and 0.235 respectively. Hence, there is evidence to accept hypotheses H2, H3, and H5 i.e., there is significant positive impact of risk-propensity, entrepreneurial self-efficacy, and entrepreneurial motivation and entrepreneurial success. Result also revealed an insignificant impact of entrepreneurial innovativeness (p > 0.05) providing the evidence to refute H4. Refuting H4 and accepting H2, H3, and H5 provided empirical evidence for partial acceptance of H1.

Based on the result evidence, the entrepreneurial success equation is reported as

$$\text{Entrepreneurial success} = 1.181 + 0.088 \text{ risk-propensity} + 0.349 \text{ entrepreneurial self-efficacy} + 0.235 \text{ entrepreneurial motivation}$$

This equation suggests that the impact of entrepreneurial self-efficacy has the highest impact on predicting entrepreneurial success followed by entrepreneurial motivation and risk-propensity. Result supported a claim that improving entrepreneurial motivation, self-efficacy and risk-propensity of the entrepreneur supports in entrepreneurial success.

## Discussion

The study aimed at analyzing the impact of entrepreneurial characteristics i.e., entrepreneurial motivation, entrepreneurial innovativeness, entrepreneurial self-efficacy, and risk-propensity on entrepreneurial success in SMEs. Likely, the study also examined the moderation effect of gender. The study revealed a significant positive impact of entrepreneurial motivation, entrepreneurial self-efficacy, and entrepreneurial risk-propensity while no significant effect of entrepreneurial innovativeness and no moderation effect of gender on the entrepreneurial success.



This study established the fact that the entrepreneur characteristics influence in SMEs success which result is supported by the findings of ((Kang et al., 2021; Hsieh et al. 2019; Adachi, & Hisada, 2017; Kassa, & Raju, 2015; Croson, & Gneezy, 2009; Alvarez, & Busenitz, 2001; Bruderl, Preisendorfer & Ziegler, 1992). Entrepreneurial motivation induces courage and efforts in the entrepreneur which increases chances of success. Success in the business provides the economic freedom and identity of the entrepreneur which is found to be most important entrepreneurial motivation factor having startup, operation and decision making. This result is similar to the findings of previous studies (e.g., Srimulyani & Hermanto, 2022; Kusa, Duda, & Suder, 2021; Mahto & McDowell, 2018; Barba-Sánchez & Atienza-Sahuquillo, 2017).

This study supported the significant positive impact of entrepreneurial self-efficacy predicting the SMEs success. Higher self-efficacy of entrepreneurs provides confidence in operating business to grab the market opportunities. It creates engagement behavior of entrepreneurs for self-assessment for market research, product development, startup ideas, risk management, and financial planning. Result of this study is supported by different previous studies (e.g., (Srimulyani & Hermanto, 2022; Chatterjee, Das, & Srivastava, 2018; Omorede, 2014; Uddin & Bose, 2013; Gallagher, 2012). Though it is inherent factor, but entrepreneurial self-efficacy can be developed by experiential learning and support by the government as well as other agencies.

It is revealed that the risk-propensity of entrepreneurs affect their success. Result supports to claim that the higher risk-propensity increases the chance for SMEs success. Higher risk-propensity encourages entrepreneurs to project new business venture which are not acceptable for the common entrepreneurs. Thus, entrepreneurs with high risk-propensity increases chances for business success which supports the findings of (Chatterjee, Das, & Srivastava, 2018; Stefanovic, Prokic, & Rankovic, 2010; Abdullah, Hamali, Deen, Saban, & Abdurahman, 2009; Alstete, 2008; Chen, 2007) but contradicts the findings of Wang and Warn (2018).

Entrepreneurial innovativeness, predominantly should increase the evidence for entrepreneurial intention and success as reported by (Wathanakom, Khlaisang, & Songkram, 2020; Chatterjee, Das, & Srivastava, 2018) but this study revealed a non-significant impact. This could be because of the cost of innovate the new product and service in the SMEs. Specially, in the study area, SMEs have their own production as well as the trading which are similar to the existing products. Innovativeness in the service should be improvised along with the market needs and competitors' activities. Almost fair reporting of entrepreneurial success, and poor innovative practices indicate that the lower level of innovativeness may be responsible for the fair level of innovativeness. This situation suggest the future research question as why innovativeness has non-significant relationship with SMEs success. Acceptance of the fact that innovative goods, services and process pays to the entrepreneurs for sustainable growth is essential among the entrepreneurs under the study area. It is the responsibility of local and central government to improve the innovativeness of entrepreneurs to attain the sustainable development goals through sustainable growth of SMEs.

It is revealed the insignificant moderating role of gender in entrepreneurial success suggests that female are parallel to have entrepreneurial success with male counterparts. Though the literature supports gender differences in risk-propensity, confidence, and work engagement (Kang et al., 2021; Adachi, & Hisada, 2017; Croson & Gneezy, 2009) but this study refuges these findings. But, the findings revealed that the female entrepreneurs have significantly more innovative.

## **Conclusion**

The main objective of the present study was to analyze the personal factors i.e., entrepreneurial characteristics responsible for perceiving entrepreneurial success of SMEs entrepreneurs. Although many research studies have been carried out globally in the context of success factors in the field of entrepreneurship, limited study has been done regarding a specific area in SMEs prioritizing the personal factors. This study provides the evidences of entrepreneurial characteristics predicting entrepreneurial success of SMEs in the special social context.

This research concludes that entrepreneurial characteristics i.e., personal factors of the SMEs entrepreneurs have significant influence on predicting entrepreneurial success. Among these factors, entrepreneurial

motivation, entrepreneurial self-efficacy and risk-propensity the most important. In addition, study concluded that gender could not identify the entrepreneurial success.

### **Limitations and future scope**

This study has been conducted in special social-economic context of Bhaktapur Municipality, Nepal. The result could be different in the other different context. Likewise, this study has limitations of self-reporting entrepreneurial success which may suffer the chances of common method biases. Education level, years of business operations, and family business background may have different level of entrepreneurial success. Future studies could incorporate that limitations of this study.

### **Theoretical and policy implication of the study**

The findings of the study contributes to the validation of entrepreneurial competency theory as this theory claims that the competency of entrepreneurial success. Entrepreneurial motivation, self-efficacy and risk-propensity are the generic characteristics for motivation for business venture establishment and motivation for success. Similarly, the findings of this study argues to the policy makers to improve the competency of SMEs entrepreneurs so that they can attain sustainable growth which ultimately support to attain sustainable development goals.

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### **Conflict of interest**

We certify this research work as the original work. There is no any conflict of interest for publishing this study.

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