



Inclination of CMAs towards Startups

By Research and Publications Directorate, ICMA Pakistan

Preamble

Becoming an 'entrepreneur' is the aspiration of every individual. The path of entrepreneurship is not so easy; it is full of risks and uncertainties. Statistics reveal that 90% of startups fail. Despite this fact, entrepreneurship remains an enticing career path for all and the professional accountants, including CMAs, are not an exception. The people who enter the domain of startups often transform challenges into successes by dint of their hard work, perseverance, creative skills and innovations. Many of the startup entrepreneurs in the world today are considered the role models for others such as Bill Gates, Steve Jobs, Walt Disney etc.

Survey Objective

Now-a-days many educational institutions and Business schools in Pakistan have started entrepreneurship programs and courses for skill development and job creation in order to bring innovation in the society. It is for the first time that ICMA Pakistan has stepped forward to play its part as a professional Institute to inspire the members community to become successful entrepreneurs. The launch of this survey is a part of this effort and intended to assess initially the mindset of our members as to what they think about entrepreneurship; whether they have started any startup and in what sectors; and if not, what hindrances they are facing in this regard. In a nutshell, the primary motive of this survey is to see the inclination of members towards entrepreneurship.

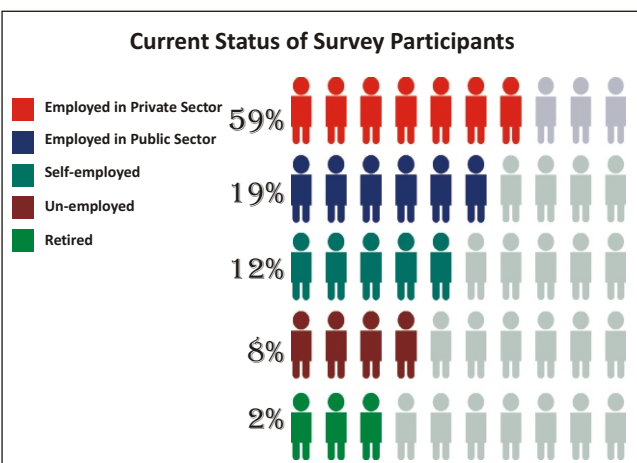
Survey Methodology

The feedback survey questionnaire was uploaded on Institute's website on 20th July 2019 with connecting link to Google Drive to provide an opportunity to the participants to submit responses online. The members were also sent emails and SMS with short link of survey to provide their input online from their mobile devices. The deadline for filling-up the online survey was 15th August 2019.

Demographic Profile of Respondents

The R&P Department received total 156 online responses from the members of ICMA Pakistan, out which 8 responses were considered invalid due to various reasons e.g. repeated submissions by one participant; incomplete submissions etc. As far as demography is concerned, majority of responses came from members based at Karachi (39%); followed by Lahore (24%); Islamabad/RWP (17%); Multan and Faisalabad (3% each); other smaller cities (8%) and overseas (7%) mostly from UAE and Saudi Arabia.

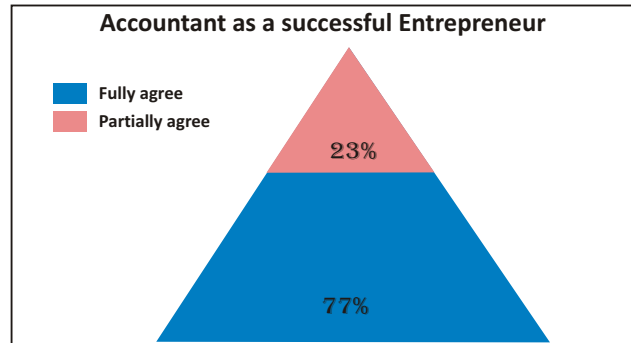
The current status of the respondents reveals that majority of them i.e. 59% are employed in the private sector organizations whereas 19% are working in public sector entities. Furthermore, 12% are self-employed; 8% unemployed and 2% are retired members of the Institute.



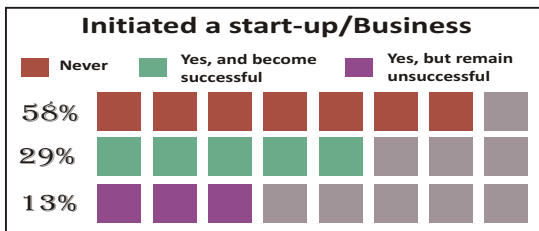
Survey Results

100% members believe a 'professional accountant' can become a successful entrepreneur

There is a general perception that entrepreneurship is the realm of business people and industrialists; however, global trend indicates that a good number of 'business startups' are owned by professionals of different fields, including the accountants. One of the questions that was asked from members was whether they think that a 'professional accountant' can become a successful entrepreneur. Almost all the members have responded in affirmative i.e. 77% fully endorse this statement whereas 23% have partially agreed. The high response rate to this question signifies a vivid inclination of the members of ICMA Pakistan towards business startups; however; as other results of this survey reveals; there are many factors which restricts the members to move into the domain of entrepreneurship.



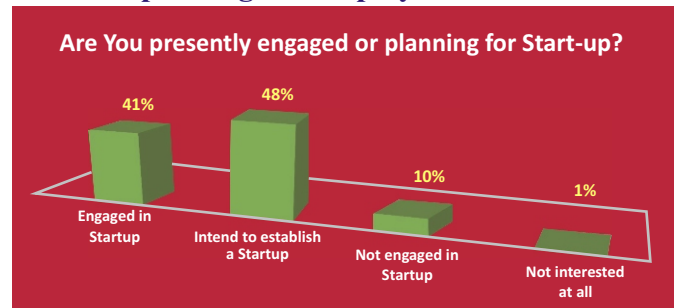
42% members founded 'startups' and only 29% became successful



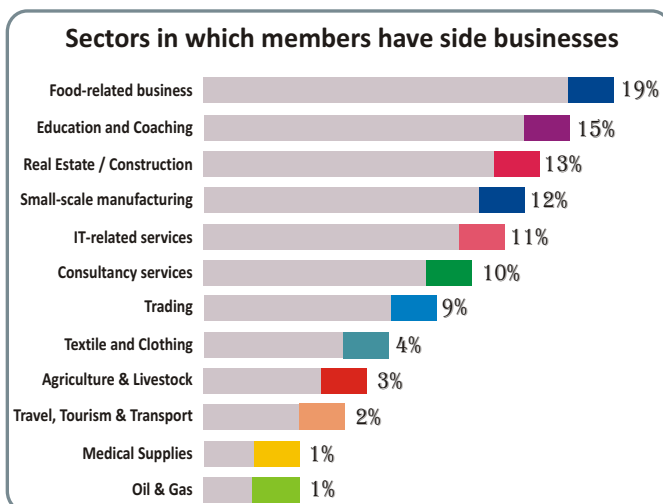
The members participating in the survey were enquired as to whether they initiated any startup or business in the past. Around 58% of members responded in negative whereas 42% said that they did venture into forming a startup or business concern; however only 29% of such members survived the business and market challenges and now running business successfully. About 13% of initiators finally ended into business failure due to various reasons.

89% CMAs engaged or planning to establish startups alongside employment

Another related question put to members in the survey was whether they are presently engaged or planning for any startup or business alongside their employment. Almost 41% members said that they are engaged in business setup whereas 48% have shown intention to initiate a startup in the near future. It seems that these CMAs, aspiring to become entrepreneurs, are presently in the process of mobilizing sources of funding for startups. Only 10% of the respondents are of the view that they are presently neither engaged nor planning such venture in future.



80% CMAs are having side businesses in food-sector, education, real estate, small-scale manufacturing, IT-related services and consultancy services



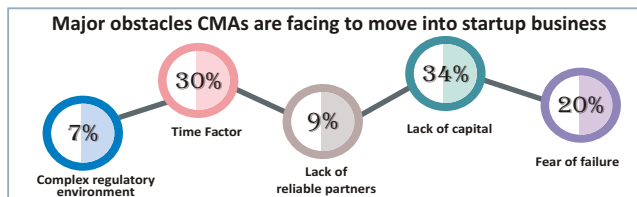
One survey question was targeted to those CMAs who, along with their employment, are also engaged in some kind of business or startup and for this purpose options of different businesses were also provided in the survey. The outcome to this question indicates that such members are involved in diversified businesses; however, the most preferred sectors, based on percentages of responses received from the members, are outlined below:

- eFood-related business (19%)
- Education and Coaching (15%)
- Real Estate and Construction (13%)
- Small-scale manufacturing (12%)
- IT-related services (11%)
- Consultancy services (10%)

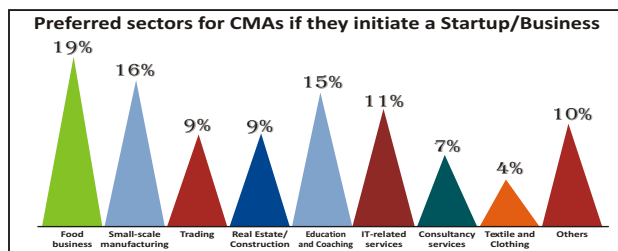
The other miscellaneous sectors of activities in which the members are engaged in include trading (9%); textile and clothing (4%); agriculture & livestock (3%); travel, tourism & transport (2%) and others (2%).

84% CMA's terms lack of time, capital and fear as key reasons for not initiating startups

This question was targeted to those members who are in employment or practice and eager to start a small business or startup but could not do so due to various reasons. They were enquired about the top most obstacle that restrains them to establish a business. The responses indicate that there are three main hindrances that are restricting the CMA's which are lack of capital (34%); lack of time (30%) and fear of failure (20%).



61% CMA's prefer to initiate startups in food sector, education, small manufacturing and IT

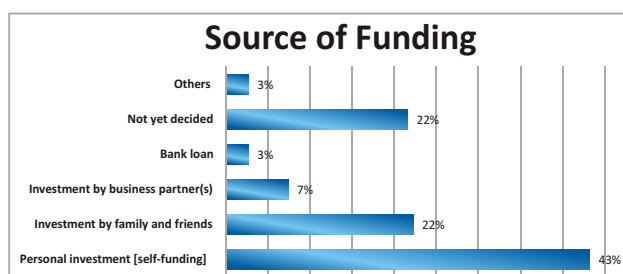


One survey question enquired from members, aspiring to set-up their own business in future as to which sector they could prefer the most to venture into. Around 61% of the respondents have identified four major sectors viz. food business (19%); small-scale manufacturing (16%); education and coaching (15%) and IT-related services (11%). The other preferred sectors that were highlighted by the members in the survey include trading (9%); real estate and construction (9%); consultancy services (7%) and textile and clothing (4%).

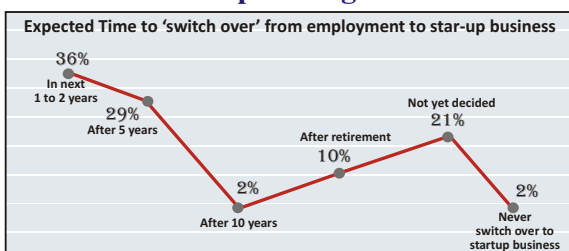
43% CMA's prefer self-funding to start a business in future

A business without a funding source will flounder under the weight of its own debt. Funding is the fuel on which a business run. A business can take different avenues to attain funding, and more than one option can be used. To assess the members' perception about the source of funding, the survey respondents were asked as to what will be the preferred source of funding in case, they go for establishing a 'startup'.

Around 43% of members participating in the survey have indicated their preference of 'self-funding' or personal investment in case they initiate any startup or small business in future. Almost 22% of the members have inclination to utilize the funds or seed money that they can obtain from the family and friends, whereas equal percentage of respondents (22%) are still undecided about the source of their proposed funding in startup.



36% CMA's planning to move to startup business in next 1 to 2 years; 29% after 5 years



One survey question was aimed at knowing the mindset of members about the possible time-frame for switching from employment to business startup. For this purpose, the members were asked to choose from the various options. The responses to this question indicate that almost 36% of members [who participated in the survey] are planning to move into startup business in next 1 to 2 years; whereas 29% are thinking to initiate startups after five years. Around 21% members are not yet decided as to when they would be able to start a business whereas 10% said that they would do so after retirement.

100% CMA's think ICMA Pakistan should play a role to help them initiate startups

All the members participating in the survey are of the view that ICMA Pakistan should play a role in helping them out in entering into the domain of startup business. Majority of the members have suggested that ICMA Pakistan should take the following initiatives in this regard:

- (1) Organize training programs on 'entrepreneurship skills' on a regular basis
- (2) Invite a prominent entrepreneur for lecture at the Institute
- (3) Initiate a 'Diploma Course' on entrepreneurship similar to other diplomas

- (4) Establish partnerships with Chambers, Business Schools and other stakeholders

The road to entrepreneurship is often a treacherous one, filled with unexpected roadblocks and dead ends. There are lots of sleepless nights, plans that don't work out. It takes courage, risk; well defined road map, funds, new ideas, innovation to start a new business. Notwithstanding these hardships, the professional accountants, especially CMA's, can embark on the journey to startups business and finally succeed to become a role model.

DISCLAIMER: The views expressed by the survey participants do not necessarily reflect the official viewpoint of the Institute of Cost and Management Accountants of Pakistan (ICMA Pakistan).