

## **Entrepreneurial Motives and Perceived Problems: An Empirical Study of Entrepreneurs in Kyrgyzstan**

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### **ABSTRACT**

This study aims to measure the motives of entrepreneurs in Kyrgyzstan. We developed and administrated the Entrepreneurial Motive Questionnaire (EMQ) to 211 entrepreneurs in Kyrgyzstan. The desire to gain wealth (Financial motive) was not consistently greater than the need for recognition. The Financial motive was; however, greater than the need to preserve family businesses and traditions. Financial motives were not associated with perceived economic conditions, governance, or marketing opportunities. On the other hand, the recognition motive was consistently related to perceived favorable government policies and marketing opportunities. The freedom motive was significantly related to economic conditions, governance, and marketing opportunities. Lastly, the family tradition motive was significantly associated with economic conditions and governance, but only moderately related to marketing opportunity. We discuss the implications of these findings.

*JEL Classifications:* M10, M13, O10

*Keywords:* entrepreneurial motives; Kyrgyzstan; transition economy

## I. INTRODUCTION

Kyrgyzstan is a post-Soviet Union country that gained its independence in 1991. The former Soviet Union used planned central economic systems whereby each republic was interdependent. For example, several states manufactured components for single products. Such systems lead to turbulence after the collapse of Soviet Union. However, some post-Soviet Union countries such as Azerbaijan, Kazakhstan, and Turkmenistan are moving forward in terms of economic prosperity because of possessing important resources such as oil and natural gas. Kyrgyzstan has not been lucky to have such resources and it does not have significant resources except water and energy. It still faces economic problems because of two revolutions that this country passed through in last seven years. Kyrgyz policy makers must develop strategies that motivate entrepreneurs because entrepreneurship is a driving force for economic development, employment, competitiveness, and innovation (Baumol, 1968; Thurik and Wennekers, 2004; Grilo and Irigoyen, 2006; Acs, Desai and Klapper, 2008). Entrepreneurship is a significant vehicle in powering the transition from a planned to a market economy (Danis and Shipilov, 2002).

The development level of entrepreneurship differs from country to country (Acs and Amoros, 2008). The main reason of these differences is the stage of economic development of a country (Acs, Audretsch, and Evans, 1994; Wennekers and Thurik, 1999). The determinants of variation in self-employment rates vary across countries and over time (London, UK: Centre for Economic Policy and Research, in Acs and Amoros, 2008). Entrepreneurial dynamics play different economic roles in countries at different phases of economic development (Wennekers, Thurick, and Reynolds, 2005). Porter et al (2002) defines three main phases of economic development: 1) factor-driven phase, 2) efficiency-driven phase, and 3) innovation-driven phase (Porter, Sachs, and McArthur, 2002; Acs et al., 2008). Kyrgyzstan has a factor-driven economy where competition is low cost in the low-value added products. Acs et al. (2008, p. 232) states that “countries in the factor-driven phase need to work towards the efficiency-driven phase via focusing on accomplishing stable and institutional macro-economic environments and by raising entrepreneurial capacity through enabling individuals and businesses to absorb spillovers.

Because of its centrally planned economy, Kyrgyzstan banned entrepreneurship for decades. With independence, the spirit of entrepreneurship has begun to evolve and spread throughout the country. Little research has addressed entrepreneurship in developing countries and underdeveloped countries (Bustamam, 2010). Research has not addressed entrepreneurial dimensions in transitional countries located in Caucasus and Central Asia (Yalcin and Kapu, 2008). It is significant to identify the motivation and perceived problems of entrepreneurs in order to reduce barriers that hinder business formation (Fatoki, 2010). Therefore, this study aims to shed light on entrepreneurial motives and perceived problems of entrepreneurs in Kyrgyzstan, a country located in Central Asia.

We review literature related to entrepreneurship, describe the Entrepreneurial Motive Questionnaire (EMQ), and test hypotheses. We then discuss results and implications for future research.

## II. OVERVIEW OF KYRGYZSTAN

Kyrgyzstan is a small mountainous country in Central Asia with a population of 5,477,600 (National Statistical Committee of the Kyrgyz Republic, 2011, p. 27). Kyrgyzstan gained its independence on August 31, 1991 with the breakup of the former Soviet Union. The total area of Kyrgyzstan is 199,900 square km (National Statistical Committee of the Kyrgyz Republic, 2011, p. 5), and the country is bordered by Kazakhstan to the north, Uzbekistan to the west, Tajikistan to the southwest, and China to the east. Kyrgyzstan possesses rich hydropower resources, deposits of gold and small amounts of coal, oil, and natural gas; however, the Kyrgyz economy is highly dependent on agriculture. According to national statistical data for 2010, about 66% of the population lives in rural areas (National Statistical Committee of the Kyrgyz Republic, 2011, p.44). Kyrgyzstan is a multi-ethnic country, consisting of about hundred ethnicities. The bulk of the population is Kyrgyz (71.7 %), Uzbeks (14.4%), and Russian (7.2 %) (National Statistical Committee of the Kyrgyz Republic, 2011, p. 22). The population of the country is young: the mean age in urban areas is 29 years and in rural areas is 27 years (National Statistical Committee of the Kyrgyz Republic, 2011, p. 22).

The political situation in Kyrgyzstan is dynamic. Askar Akaev, the first Kyrgyz president (1991-2005), was forced to leave the country because of the 2005 spring revolution. Kurmanbek Bakiev was then elected as a president in July 2005. Due to the 2010 "Rose Revolution," Bakiev fled the country and was replaced by Rosa Otumbayeva. Otumbayeva served as president until December 31, 2011. Almazbek Atambayev was elected President on October 30, 2011 for a six-year term (Central Intelligence Agency, 2011). Political instability in Kyrgyzstan impedes economic development. Due to its poor economic conditions, hundreds of thousands of Kyrgyz people left country in order to find employment. Kyrgyzstan is heavily dependent on the inflow of Kyrgyz workers from Russia and Kazakhstan. Kyrgyz workers account for up to one-quarter of the total GDP (Country Intelligence: Report Kyrgyzstan, 2011).

### A. Entrepreneurship in Kyrgyzstan

International practice and experience shows that entrepreneurship, specifically small and medium businesses, is important for economic growth. Entrepreneurism provides job opportunities, increases living standards, and fosters social and economic well-being of citizens, reduces poverty, promotes innovation, and encourages social responsibility. The former president Kurmanbek Bakiev noted the importance of entrepreneurship development of small and medium sized enterprises (SME). In the Country Development Strategy for 2009-2011, one of the main activities of entrepreneurship development was a creation of an environment conducive to the development of small and medium-scale private entrepreneurship. The current president Almazbek Atambayev also believes that SME are important for sustainable economic growth and there is a need to create a favorable investment climate and business environment for its development. However, at present time many problems and challenges still exist that hinders the development of entrepreneurship in Kyrgyzstan. Kyrgyz entrepreneurship research conducted by international organizations (World Bank, UNDP, TACIS, USAID, EBRD and Helvetas). Academics have also identified

various problems that inhibit entrepreneurship (Met, 2011; Yalcin and Kapu, 2008). These problems include legal and government regulation instability, complex tax systems, lack of business skills and qualified personnel, low technology, lack of innovation, lack of financial resources, low purchasing power of population, and increased pressure of criminal forces. Nevertheless, despite these various problems and challenges, the Kyrgyz population interest and engagement in entrepreneurial activities is on the rise. In 2010, Kyrgyz operated 12,200 enterprises, and the number of individual entrepreneurs that registered businesses in 2011 was 245,000 people. On average for 2006-2010, the SME share of the GDP was more than 40% (National Statistical Committee of the Kyrgyz Republic, Small and Medium-sized enterprises in Kyrgyz Republic: 2006-2010, Bishkek 2011, p. 7).

The Kyrgyz government (National Statistical Committee of the Kyrgyz Republic, Small and Medium-sized enterprises in Kyrgyz Republic: 2006-2010, Bishkek 2011, p. 22) offered the following definitions:

**Individual entrepreneur:** A citizen, who has a right to be engaged in entrepreneurial activities without forming a legal entity or patent.

**Small enterprise:** in agriculture, mining, processing, production, and distribution of electricity, construction (50 employees), trade enterprises, hotel and restaurant services, transportation services, healthcare, and education services (15 employees).

**Medium sized enterprise:** in agriculture, mining, processing, production and distribution of electricity, construction (51–200 employees), trade enterprises, hotel and restaurant services, transportation services, healthcare and education services (16-50 employees).

As a young country, entrepreneurship is vital for Kyrgyzstan. Entrepreneurship is especially important in an environment weakened by political instability and an economic recession that negatively affects foreign investment. Therefore, the Kyrgyz government must encourage and support entrepreneurship by providing entrepreneurial support programs. Financial aid resources are not enough to spread entrepreneurship. Individuals should be motivated to be entrepreneurs. Therefore, the government should collaborate with universities in order to motivate young people to start businesses and contribute to the economy.

### III. THEORETICAL BACKGROUND

#### A. Entrepreneurship

As a field, entrepreneurship has gained attention from academicians, scholars, policymakers, and businesspeople. Even though much entrepreneurship research has been conducted, there is no agreed upon definition (Kobia and Sikalieh, 2010), and “there is no consistency in what defines entrepreneurship (Humbert and Drew, 2010, p. 176).” According to Schumpeter an entrepreneur is one motivated by improving his/her social position in this world (Brouwer, 2002) and “looks for difficulties, changes in order change, delight in venture” (Schumpeter, 1934, p.94). We adopt the definition of Yalcin and Kapu (2008, p. 186) who define entrepreneurship as “a process with different important dimensions, including entrepreneurial motives, problems, and opportunities.”

## **B. Entrepreneurial Motives**

Entrepreneurial motives area is on the fields abandoned without being fully researched (Carsrud and Brännback, 2011) and there is a much still unknown about entrepreneurial motives (Kaunanui, Thomas, Rubins, and Sherman, 2010). There is also a shortage of research related to entrepreneurial motives in post-soviet countries in Central Asia. It is very significant to study entrepreneurial motives in order to foster entrepreneurship because motives influence the entrepreneurial process (Shane, 2009). There are many reasons why individuals decide to be entrepreneurs (Cromie, 1987). However, policy does not usually correspond with entrepreneurial motives of individuals. Almost nobody starts a business in order to achieve innovation, job creation at the national level (Hessels, Van Geleren, and Thurik, 2008). Individuals start business because of their personal needs. For example, earning money, flexibility and independence motives were very important among rural women small-business owners and they tended to offer job characteristics consistent with their motives to start business (Robinson, 2001). According to Hisrich and Fulop (1994) Hungarian women, entrepreneurs were motivated by opportunity, independence, money, economic necessity, achievement, status, prestige, power, and career.

Fatoki et al. (2010) identified five motivators of entrepreneurial intention of South African students that are employment, autonomy, creativity, economic and capital. Capital, skill, support, risk, economy, and crime were among obstacles perceived by these students. Aziz, Friedman, and Sayfullin (2012) developed and administered the Aspired Entrepreneurial Motive Questionnaire among Kyrgyz, Georgian and the United States students. Study results showed that while Kyrgyz and Georgian students were motivated more by financial motives, the United States students were motivated more by freedom and perceived marketing opportunities. Friedman, Aziz, Keles, and Sayfullin (2012) identified and contrasted predictors of entrepreneurial motives of students in Kyrgyzstan, Georgia, and the United States. They revealed that predictors were different across three countries. Whereas students' desire to be an entrepreneur was highest in Kyrgyzstan, the United States students reported a lower desire to be entrepreneur. Also, Kyrgyz students' reported finance, recognition, and family tradition motives, and marketing opportunities as higher than their counterparts in Georgia or the United States Students. The present study moves forward and tests the Entrepreneurial Motive Questionnaire among real entrepreneurs in Kyrgyzstan.

Even though entrepreneurs have similar motivations to realize their needs, they use those motivations in different ways. While some are motivated by a need to achieve (Rahman and Rahman, 2011; Sagie and Elizur, 1999; Garraher, Buchanan, and Puia, 2010), others are motivated by a need to survive (Carsrud and Brännback, 2011; Kautoneen and Palmroos, 2010). Economic aspirations and levels of economic development also influence the motives of entrepreneurs. According to Friedman and Aziz (2012), while Turkish entrepreneurs are motivated mostly by necessity, American entrepreneurs are motivated by opportunities. Turkey is an emerging economy and the United States is a developed country, therefore entrepreneurs are acting with different motives. While Turkish entrepreneurs are primarily motivated by willingness to earn money, American entrepreneurs are motivated by an opportunity to produce a new product or service.

Yalcin and Kapu (2008) discussed different entrepreneurial dimensions in transitional economies and suggested two important dimensions such as entrepreneurial motives and entrepreneurial problems for transition economies. Their extensive literature review indicated that entrepreneurial motivation dimensions consists of financial, recognition, freedom, and family tradition motives. These authors also identified entrepreneurial problems such as the lack of an entrepreneurial culture, existence of former business environments, attitudes, and values that inhibit entrepreneurship, lack of knowledge and skill, unstable taxation policies, lack of capital, underdeveloped legal system, and business infrastructure (Yalcin and Kapu, 2008, p. 199).

### C. Hypotheses

The willingness to earn money is a strong motivator for entrepreneurs in transitional economies such as Kyrgyzstan (Kapu and Yalcin, 2008).

*Hypothesis 1a:* The desire to earn money motivates Kyrgyz entrepreneurs more than the need for recognition.

*Hypothesis 1b:* The desire to earn money motivates Kyrgyz entrepreneurs more than the need for family tradition.

Most private enterprises that existed under the communist system in the former Soviet Union operated in the underground economy. In addition, the term “private business” was used in negative context for a long time (Izyumov and Razumnova, 2000). Entrepreneurship has begun to spread as the Soviet Union collapsed and today it is freely utilized in all transition economies as a result of moving from planned economic system to market economy. “A positive change in an economic environment, e.g. the one caused by privatization programs can give rise to opportunities, which prospective entrepreneurs can exploit (Singh, Simpson, Mordi, and Okafor, 2011). We propose the following hypothesis:

*Hypothesis 2:* Economic conditions positively affect the entrepreneurial motives of Kyrgyz entrepreneurs.

Kirzner defines an entrepreneur as a person who is alert to opportunities in order to get an economic gain (High, 2009). Transition economies offer opportunities for entrepreneurs who produce and provide new products and services to a market. Entrepreneurs with marketing competencies are more successful because they differentiate their products, conduct marketing research, and use marketing strategies to target markets (Smart and Conant, 1994). Therefore, we propose following hypothesis:

*Hypothesis 3:* Marketing opportunities positively affect the entrepreneurial motives of Kyrgyz individuals.

Yalcin and Kapu (2008) proposed that certain government policies affect individuals’ desire to be entrepreneurs. Excessive taxation, bureaucracy, and limited

access to capital are barriers to entrepreneurship. Alternatively, we propose that entrepreneurs' perception that business laws and regulations are favorable to starting and managing new businesses are positively related to entrepreneurial motives.

*Hypothesis 4:* Government policies perceived to be favorable to entrepreneurship are positively related to entrepreneurial motives.

#### IV. METHOD

##### A. Measures

Based on the work of Yalcin and Kapu (2008), Aziz et al. (2012) designed the Entrepreneurial Motive Questionnaire (EMQ) to measure financial, recognition, freedom, and family tradition motives, as well as marketing opportunities and government policies believed to foster entrepreneurship (governance). The EMQ consist of 32 items using five point Likert response scales where 1 = "strongly disagree," 2 = "disagree," 3 = "neither agree nor disagree," 4 = "agree," and 5 = "strongly agree." Sample

We administered the EMQ between February 2012 and June 2012 to entrepreneurs operating in small and medium sized firms in North and South Kyrgyzstan, and collected 211 completed surveys. Sixty percent (60%) of the respondents were male. The respondents processed masters` degrees (43.6%), undergraduate bachelor degrees (31.8%), or attended secondary school only (23.7%). The majority of respondents were 25-34 (37%) or 35-54 (33.6%) years of age.

##### B. Data Analysis

We ascertained the internal consistency of the EMQ scales using Cronbach's Alpha estimates. Paired *t* statistics tested the hypotheses that financial motives were higher for Kyrgyzstani entrepreneurs than recognition or family tradition motives (hypotheses 1a and 1b). Hypotheses 2, 3, and 4 were tested using Pearson correlations.

##### C. Results

Table 1 contains means and standard deviations for the 32 EMQ items, and Cronbach's Alphas for the questionnaire sub-scales (e.g., financial motive). On average, entrepreneurs agreed strongest to items related to financial (mean = 3.92) and recognition motives (mean = 3.81), and agreed least with items related with economic conditions (mean = 3.04). Cronbach's Alpha reached acceptable levels for economic conditions (.74) and governance (.71) only. We used economic conditions and governance indices in subsequent analyses, and individual EMQ items elsewhere.

Table 2 contains paired t-tests between financial, recognition, and family tradition EMQ items. The data provided mixed support for hypothesis 1a, as all three financial motive items were significantly greater than two recognition items two items (Q15 and Q18). In contrast to hypothesis 1a; however, one recognition item (Q2) was significantly lower than the financial motive items. The data strongly supports Hypothesis 1b, as all financial motive EMQ items were significantly higher than all the family tradition EMQ items.

**Table 1**

Entrepreneurial motive questionnaire item means and standard deviations (Cronbach's alpha)

	Mean	S.D.
<b>Financial Motive (.66)</b>		
Q1. My reason to be an entrepreneur is to earn more money.	3.94	1.05
Q5. I run a business because it leads to larger financial opportunities.	4.03	.87
Q14. I want to be an entrepreneur to become wealthy.	3.81	1.04
<b>Recognition Motive (.57)</b>		
Q2. Being an entrepreneur allows me to achieve my goals.	4.31	.73
Q7. I achieve greater results by being an entrepreneur.	3.78	.81
Q11. I can reach my potential by being an entrepreneur.	3.98	.84
Q15. I can get more recognition by being an entrepreneur.	3.55	1.03
Q18. Being an entrepreneur allows greater respect from others.	3.47	1.07
<b>Freedom Motive (.60)</b>		
Q3. Being an entrepreneur allows me greater freedom.	3.76	1.03
Q8. Entrepreneurship allows me greater control over my own destiny.	3.79	.84
Q13. Entrepreneurship allows me to run my business the way I want.	3.64	.90
Q17. Entrepreneurship provides me to make my own decisions.	3.96	.85
<b>Family Tradition Motive (.64)</b>		
Q4. Running my own business helps me to keep family traditions.	3.52	1.00
Q9. Entrepreneurship helps me keep a business within my family.	3.60	.93
Q16. Running a business gives me a better chance to be like my other family members.	3.07	1.22
Q19. Entrepreneurship allows me to keep up my family's traditions.	3.39	1.02
<b>Marketing Opportunities (.59)</b>		
Q6. Being an entrepreneur provides me the opportunity to sell products/services the way I want to.	3.47	.96
Q12. By being an entrepreneur, I decide my products/services' prices.	3.28	1.03
Q30. Running a business gives me a chance to sell my products/services wherever I want.	3.34	.95
Q31. I am an entrepreneur because it allows me to choose my customers.	3.59	.89
<b>Economic Condition Motive (.74)</b>		
Q22. Economic conditions support entrepreneurship where I live.	3.21	1.03
Q24. Taxation in my country supports entrepreneurship.	3.00	1.00
Q26. Money is reasonably accessible in my country to start and run a business.	2.98	1.10
Q28. Material costs are reasonable in my country.	3.23	.85
Q29. Credit policies and rates are reasonable where I live.	2.97	1.04
<b>Governance Motive (.71)</b>		
Q21. Business laws and regulations support entrepreneurship.	3.23	.94
Q23. The level of taxation is fair for running businesses where I live.	3.10	.96
Q25. My government's policies help me run a business.	2.79	1.06
Q27. Obtaining money to run a business is difficult where I live.	3.35	1.06
Q32. My government encourages entrepreneurship.	3.34	1.00

**Table 2**  
Paired t-tests for financial motives, recognition motives, and family tradition motives

	Financial Motives		
	Q1. Earn more money	Q5. Larger financial opportunities	Q12. Become wealthy
<b>Recognition Motive</b>			
Q2. Being an entrepreneur allows me to achieve my goals.	-4.70 ***	-4.15 ***	-6.09 **
Q7. I achieve greater results by being an entrepreneur.	0.84	2.21 *	-0.74
Q11. I can reach my potential by being an entrepreneur.	0.34	0.75	-1.86
Q15. I can get more recognition by being an entrepreneur.	4.33 ***	5.73 ***	3.13 **
Q18. Being an entrepreneur allows greater respect from others.	5.18 ***	6.38 ***	3.83 ***
<b>Family Tradition Motive</b>			
Q4. Running my own business helps me to keep family traditions.	4.53 ***	6.93 ***	3.19 **
Q9. Entrepreneurship helps me keep a business within my family.	3.55 ***	5.10 ***	2.33 **
Q16. Running a business gives me a better chance to be like my family members.	8.56 ***	9.85 ***	7.31 ***
Q19. Entrepreneurship allows me to keep up my family's traditions.	5.96 ***	7.55 ***	4.58 ***

\*  $p \leq .05$ , \*\*  $p \leq .01$ , \*\*\*  $p \leq .001$

Table 3 contains Pearson correlation coefficients between financial, recognition, family freedom, and family tradition motives with economic conditions, governance, and marketing opportunities. Financial motives were not associated with economic conditions, governance, and only one item significantly related to financial motives (Q6). On the other hand, the recognition motive was consistently related to governance and marketing opportunities. The freedom motive was significantly related to economic conditions, governance, and marketing opportunities. Three family tradition motive items were significantly associated with the economic condition and governance indices. However, only one Marketing Opportunity items ("Being an entrepreneur provides me the opportunity to sell products/services the way I want to") was significantly related to the Family Tradition motive.

## V. CONCLUSION AND DISCUSSION

The present study aimed to identify motives of entrepreneurs in Kyrgyzstan. The Entrepreneurial Motive Questionnaire was administered to Kyrgyz entrepreneurs in small and medium sized firms. As predicted, the findings show that financial motives were higher for Kyrgyzstani entrepreneurs than recognition or family tradition motives. In addition, financial motives were not associated with economic conditions and governance. The recognition motive was consistently related to governance and marketing

**Table 3**  
Economic condition, governance, and marketing opportunities correlations (N = 211).

	Financial Motive				
	Q1. Earn More Money	Q5. Financial Opportunities	Q14. Become wealthy		
Economic Conditions	.09	-.01	-.12		
Governance	-.08	.04	-.06		
<b>Marketing Opportunities</b>					
Q6. Opportunity to sell	.10	.30***	.08*		
Q12. Decide prices	-.01	.05	.11		
Q30. Sell wherever I want	.01	.13	.01		
Q31. Choose customers	-.12	-.10	-.10		
	Recognition Motive				
	Q2. Achieve goals	Q7. Get results	Q11. Reach potential	Q15. Recognition	Q18. Respect
Economic Conditions	.01	.15*	.02	.15**	.11
Governance	.01	.26***	.16*	.19**	.20
<b>Marketing Opportunities</b>					
Q6. Opportunity to sell	.17**	.29***	.18*	.30***	.34
Q12. Decide prices	.02	.31***	.20*	.19**	.29
Q30. Sell wherever I want	.05	.15*	-.02*	.08	-.01
Q31. Choose customers	.15*	.15*	.03*	.01	.01
	Freedom Motive				
	Q3. Greater freedom	Q8. Control destiny	Q13. Run business	Q17. Make decisions	
Economic Conditions	.13	.28***	.13*	.14*	
Governance	.14*	.29***	.30***	.23***	
<b>Marketing Opportunities</b>					
Q6. Opportunity to sell	.29***	.29***	.26***	.33***	
Q12. Decide prices	.07	.34**	.40***	.19**	
Q30. Sell wherever I want	.12	.31***	.18*	.07	
Q31. Choose customers	.10	.12	.18*	.15*	
	Family Tradition Motive				
	Q4. Business keeps traditions	Q9. Keep business in family Q16. Be like family	Q19. keeps traditions	Q4. Business keeps traditions	
Economic Conditions	.23***	.10	.25***	.35***	
Governance	.29***	.11	.24***	.34***	
<b>Marketing Opportunities</b>					
Q6. Opportunity to sell	.24	.11	.20**	.15*	
Q12. Decide prices	.10	.12	.11	.11	
Q30. Sell wherever I want	.10	.02	-.01	.11	
Q31. Choose customers	.06	.01	.05	.09	

\*  $p \leq .05$ , \*\*  $p \leq .01$ , \*\*\*  $p \leq .001$

opportunities. The freedom motive was significantly related to economic conditions, governance, and marketing opportunities. The family tradition motive was significantly associated with economic conditions and governance, but only related to one marketing opportunity item.

The desire to earn money motivated Kyrgyz entrepreneurs most. Most entrepreneurs start their businesses to gain wealth. Additionally, when an individual needs to earn money to survive, he or she would not be motivated as much by recognition or family tradition motives. The desire to find solutions to their financial problems is the primary motive.

Two revolutions that Kyrgyzstan endured in the last seven years deteriorated the economy. Many challenges such as corruption and poor financial conditions are barriers to entrepreneurship. These financial barriers include the shortage of capital to start new businesses, high credit interest rates, and short loan repayment schedules. Despite these barriers, the need to earn money and survive drives entrepreneurs to start businesses regardless of poor economic conditions and government policies that inhibit entrepreneurship. Policymakers must develop strategies that will facilitate entrepreneurial activities. To lift Kyrgyzstan's economy, such strategies should be encouraged. Entrepreneurs provide employment opportunities as they create new businesses. The government needs to ease credit restrictions, made business loans more accessible therefore stimulate entrepreneurs to start and manage new businesses. Kyrgyz entrepreneurs require credit with low interest rates and longer repayment periods. Policymakers can cooperate with international institutions to offer low rate credit to individuals that wish to start a business. Corruption should also be strictly punished because it discourages many people to start their businesses.

Entrepreneurs whose motivation is primary driven by recognition, freedom, or family tradition may have already satisfied their financial needs (i.e., they already have earned money). These entrepreneurs want to be recognized, to be independent, and want to keep family business traditions. Kyrgyzstan is a factor-driven economy where competition is conducted via low cost efficiencies in the low-value added product market. After the collapse of Soviet Union, individuals with financial resources and connections have prospered. They were mostly suitcase traders who were bringing products from other countries and selling in Kyrgyzstan. Because of collapse of Soviet Union, manufacturing declined. Therefore, there was a huge demand for all kinds of products in all post-Soviet area. Entrepreneurs motivated by freedom, recognition, and family tradition motives may have been individuals who gained financially at this period. Marketing opportunity may have also benefited these individuals. The opportunity to sell stimulates individuals to start their businesses. As marketing is more than selling, entrepreneurs can be offered training such as evaluating business and credit opportunities, marketing, and financial analysis.

Future studies can investigate whether entrepreneurial motives and perceived problems differ between entrepreneurs in North and South Kyrgyzstan. Future studies should be conducted within small- and medium-sized firms separately and contrasted. If the motives of entrepreneurs of small and medium sized companies differ, appropriate policies can be developed that support each size firm. Lastly, a longitudinal study would show if there is a difference in the motives of entrepreneurs when they just start a business and then maintain the business over time.

Unlike its neighbors, Kyrgyzstan does not have abundant natural resources such as oil and gas. Therefore, policymakers have an important responsibility to develop, manage, and monitor an entrepreneurship-friendly business environment in Kyrgyzstan. Moreover, entrepreneurial motives should be investigated in detail to develop suitable entrepreneurship programs that would bring the desired results and meet entrepreneurial requirements. This study is among the first that examines the motives of entrepreneurs and takes into account the views of residents in south and north of Kyrgyzstan.

It is important to stress that Kyrgyzstan should develop its own business model for fostering entrepreneurship based on its economic, political, social and cultural features. Current models from developed countries might not comply with the country's unique characteristics, so entrepreneurship might not be developed. At the same time, it can be obstructed because models perfectly fit to the developed economy, might not fit to the underdeveloped economy.

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