



Entrepreneurial Motivation and its Relation to Level of Success

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ABSTRACT

Entrepreneurs play a significant role in the socio economic development of the country. But not all entrepreneurial ventures are successful. There are various factors leading to success of entrepreneurs and one of the important factors is motivation of the entrepreneurs.

This paper aims to examine the level of entrepreneurial motivation, level of success and the relationship between level of motivation and their level of success. A representative sample of 85 entrepreneurs was selected from Assam using multistage random sampling method. A well structured questionnaire was used to collect the data. Appropriate statistical tools are used to summarize and analyze the data.

The study reveals that majority of the entrepreneurs have high level of motivation. It is also found that there is a significant relationship between level of entrepreneurial motivation and their level success.

Keywords : motivational factors, level of success, level of motivation

Introduction

Micro, Small and medium enterprises (MSMEs) are widely viewed as important to the growth and stability of an economy. The entrepreneurs of MSME Sector play significant roles in creating jobs, earning foreign exchange through export and eventually contribute to growth of GDP. Although personality characteristics are viewed as a vital component of entrepreneurship, situational circumstances and motivational factors are also important in the process of becoming a successful entrepreneur. Under similar circumstances, the level of success varies from person to person. It has become imperative for the researcher to know as to what motivate successful entrepreneurs in food processing sector of Assam. Further, it is also pertinent to know whether there is any relationship between level of success and level of entrepreneurial motivation.

Objectives of the study

- To measure the level of motivation of entrepreneurs
- To measure the level of success of entrepreneurs
- To establish relationship between level of entrepreneurial motivation and their level of success

Review of literature

By the term motivation we simply mean the causes that inspire the people to do something. An individual's decision about entrepreneurship career is the outcome of an interaction between influences of internal as well as external factors (Hisrich, Peters and Shepherd, 2007). Success of the entrepreneur is measured by success of the firm. Small business success can be defined in the simplest terms as the ability to survive or to remain in business (Lussier and Pfeifer, 2001). The successful entrepreneur is an individual who started a business, building it up where no previous business had been functioning and continuing for a period of at least five years to the present profit-making structure (Hornaday and Bunker, 1970). For the purpose of this study an entrepreneur was considered successful if he/she started his/her own business, have 5 employees, established for at least 3 years.

Zhang and Bruning (2011) in their paper found that entrepreneur's personal characteristics, such as need for achievement and need for recognition, have positive impact on firm's performance. Witbooi, Cupido and Ukper (2011) emphasized that entrepreneurs with high initiative are able to stay ahead of their competitors, and are role model for their employees.

Zampetakis and Kanelakis (2010) revealed that individuals with a family background of entrepreneurship are more likely to develop high entrepreneurial opportunity orientation (i.e. interest, skills and self-efficacy) and start their own business. It was found that having a parent that owns a full-time business was positively related to entrepreneurs' prior knowledge.

Raghunathan (2008) observed that entrepreneurs in Rajasthan have started their business primarily because of their personal characteristics. Djankov et. al. (2008) found that family characteristics have the strongest influence on becoming an entrepreneur. In contrast, success as an entrepreneur is primarily determined by the individual's smartness and higher education in the family. Jeffrey W. Alstete (2008) research revealed that entrepreneurs enjoy the independence, freedom & job satisfaction. Hisrich and Peters (2007) revealed that successful entrepreneurs have an internal locus of control, have higher needs for independence and for achievement, and seem to enjoy taking risks.

Hisrich, Peters and Shepherd (2007) highlighted that childhood & family background, personal values and work history are the important motivational factors that lead to success in entrepreneurial business. Collins, Hanges and Locke (2004) in their study revealed that individuals who pursued entrepreneurial careers, scored significantly higher on achievement motivation than individuals who pursued other types of careers.

Bolton & Thompson (2004) argue that family background is important to the entrepreneur. A youth whose environment instills confidence in entrepreneurial success is more likely

to step forward. Panda T. K. (2001) verified that desire to be successful & financial backup are strongly associated with entrepreneurial success. Andreas Rauch & Michael Frese (2000) finds that the factors related to success are need for achievement, locus of control, low risk taking, human capital, planning and strategies, innovation, entrepreneurial orientation, and tough environmental conditions. Delmar, F. and Davidsson (2000) instituted that a large proportion of successful entrepreneurs have parents who themselves were self-employed.

According to Hornaday and Aboud (1971), Successful entrepreneurs rated above average on their need for achievement, self-reliance, competitiveness, initiative, confidence, versatility, perseverance, resiliency, innovation and physical health. Hornaday and Bunker (1970) found that the most important psychological factors judged by entrepreneurs to be related to success were the energetic participation in the endeavour, self-confidence, desire for being one's own boss, achievement need, liking of work, common sense and tenacity. Matthews and Moser (1995) in a research study revealed the importance of parents or the other family members as a start-up owner of their own business.

Null Hypothesis

The hypothesis governing the study is that there is no significant relationship between level of entrepreneurial motivation and their level of success.

Research Methodology

The type of research followed here is descriptive in nature.

Sampling design

The type of sampling used in this study was multistage sampling. The universe of the study consists of 756 successful food processing entrepreneurs of Assam. A representative sample of 85 entrepreneurs was considered for the study at 95% level of confidence and at 10% confidence Interval.

Data collection

The primary data was collected directly from the selected entrepreneurs by serving structured questionnaire during April 2012 – March 2013.

instruments for Measuring motivation

The following 10 motivational variables were used as an instrument for measuring motivation in the questionnaire on the basis of review of literatures.

Family orientation towards business

- Role model
- Need for Achievement
- Need for Power
- Need for affiliation
- To be independent / Don't want to be in a routine job / want to be the own boss
- Desire to help others / work for the society nation
- Family members are successful in business
- Friends are successful entrepreneurs
- Relatives are successful Entrepreneurs

With reference to the above stated ten variables, ten statements were made and measured in the five point ordinal scale that is strongly agree, agree, neutral, disagree & strongly disagree. Ultimately score of 5, 4, 3, 2, 1 are assigned corresponding to degree of agreement. Reliability test of the instrument for measuring motivation was carried out and the cronbach's alpha was found to be 0.53 which indicates the reliability of the scale used.

Finally the following scale for measuring level of motivation is obtained.

Table No. 1: Scale for measuring level of motivation

	Level of motivation				
	Very low	Low	Medium	High	Very high
Motivation Score	1 – 10	11 – 20	21 - 30	- 40	41– 50

Level of success measurement

Success of the entrepreneur is measured by success of the firm. Level of success was measured in terms of sales growth of the enterprises over the last three years. The compounded annual growth rate of 85 responded was normalized to arrive at three linear intervals namely low level success = 0 to 33.33%, moderate success = 33.33% to 66.66% and high level success = 66.66% to 100%

Data Analysis

Statistical software SPSS 15 was used for analyzing the data. Descriptive statistics was used for summarizing the collected data and Spearman's rank correlation coefficient was calculated to measure the degree and direction of relationship between level of success and level of entrepreneurial motivation.

Findings

(i) Entrepreneurs' level of motivation

Table no. 2: Entrepreneurs' Level of motivation

	Level of motivation			Total
	Moderate	High	Very high	
No. of Entrepreneurs	9	54	22	85
% of Entrepreneurs	10.6%	63.5%	25.9%	100%

It is revealed from table no. 2 above that 25.9% of entrepreneurs have very high level of motivation, 63.5% have high level of motivation and 10.6% have moderate level of motivation. None of the entrepreneurs is found to be low or very low level of motivation.

(ii) Entrepreneurs' Level of Success

Table no. 3: Entrepreneurs' Level of Success

	Level of success			Total
	Low level success	Moderate Success	High Level Success	
No. of Entrepreneurs	39	28	18	85
% of Entrepreneurs	45.9%	32.9%	21.2%	100%

It is observed from the above table no. 3 that 21.2% of entrepreneurs have high level of success, 32.9% have moderate level success and 45.9% entrepreneurs have low level of success.

(iii) Relationship between level of entrepreneurial motivation and their level of Success

Table no. 4: Cross-tabulation for Level of success and Level of motivation

Level of success	Level of motivation			Total
	Moderate	High	Very high	
Low level success	8	28	3	39
Moderately Success	1	21	6	28
High Level Success	0	5	13	18
Total	9	54	22	85

The above table no. 4 represents the relationship between the Level of success and the Level of entrepreneurial motivation.

Both level of success and level of motivation are expressed in ordinal scale. In order to find the degree and direction of relationship between the Level of success and Level of motivation, spearman's rank correlation coefficient is calculated.

(iv) Testing of hypothesis

Ho: there is no significant relationship between level of entrepreneurial motivation and their level of success.

Ha: there is significant relationship between level of entrepreneurial motivation and their level of success.

Table no. 5: Spearman's rank correlation coefficient between level of entrepreneurial motivation and their level of success

Ordinal by Ordinal	Spearman Correlation	Value	Sig.(2 tailed)
		.652	.01
N of Valid Cases		85	

It is observed from the above table no. 5 that $p(=0.01) < .05$, the value of spearman correlation $r = 0.652$ is significant at 5% level of significance (i.e. $\alpha=5\%$). Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, there is significant relationship between level of entrepreneurial motivation and their level of success. In other words, the higher the level of entrepreneurial motivation, the higher will be the level of their success.

(V) Motivational Variables and their mean scores

Table no. 6: Motivational Variables and their mean scores

Sl.	Motivational Variables	Mean	Std. Deviation
1	my family members are successful entrepreneurs	3.08	1.19
2	my relatives are successful entrepreneurs	3.09	1.51
3	I follow someone who is my role model in business	3.15	1.23
4	my friends are successful entrepreneurs	3.29	1.26
5	I always wanted to see that people listen to me	3.56	1.03
6	I always wanted to achieve something in my life	3.87	1.28
7	It is my family orientation that drives me towards business	3.92	1.19
8	I always had a desire to help others	3.93	0.75
9	I thought that I would get more respect from society if I establish my own business	4.07	1.04
10	I wanted to be independent	4.53	0.65

Table No. 6 above reveals that the variables with the serial nos. 9 & 10 are responsible for creating very high motivation and the variables with serial nos. 1 to 8 are responsible for high motivation. Further, the variable in serial 10 (i.e. an Individual wanted to be independent) is more consistent than the other variables because it has the lowest standard deviation of 0.65.

Conclusion

There is significant relationship between the level of entrepreneurial motivation and their level of success. The variables responsible for very high motivation are 'need for affiliation' & 'wanted to be independent'. Further, the variable 'wanted to be independent' is more consistent or uniform among all the entrepreneurs. The variables leading to high motivation among entrepreneurs are 'family orientation towards business', 'role model', 'need for achievement', 'need for power', 'work for the society' and 'family members / friends /relatives are successful entrepreneurs'.

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