



Impact of Motivational Factors on Establishment of Enterprise in Mysore

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ABSTRACT

Motivational factors play predominant role in establishment of enterprises in Mysore district. Mysore is one of the emerging industrial hubs of Karnataka. Accordingly, examining the factors influence the establishment of enterprise has valid justification in order to promote and develop the policy for better industrial development in Mysore district. The primary data collected from field survey of 240 enterprises in Mysore district have been used for the study. The binary Probit model was used to analyze the perception of entrepreneurs. The dimensions used for the analysis are nature of activity, type of enterprise, nature of finance availed, gender and type of education. The present paper analyzed the motivational factors for establishment of enterprises. It has been found from the study that family, government incentives, institutional finance, self-employment and market advertisements have been proved to be motivational factors for establishment of enterprise. At the same time, family motivation is more for male having general degree and establishing small scale enterprises. Government incentives are more for manufacturing small scale enterprises established by male entrepreneurs having general degree. Institutional finance is more for loan availed small scale enterprises established by male entrepreneurs having general degree. Self employment and market advertisements are motivational factors for male entrepreneurs having general degree. Therefore, there is need to promote, female entrepreneurs having technical or managerial degree. Hence, families, governments and financial institutions should change their attitude for better development of entrepreneurial activities.

KEYWORDS

Institutional Finance, Government Incentives, Family Support, Entrepreneur

Introduction:

Motivational factors play predominant role in establishment of enterprises in Mysore district. Mysore is one of the emerging industrial hubs of Karnataka. Accordingly, examining the factors influence the establishment of enterprise has valid justification in order to promote and develop the policy for better industrial development in Mysore district. A survey was conducted in Mysore District to analyze the factors responsible for establishment of enterprise.

Review of Literature:

There has been a positive relationship between entrepreneurial development and economic development (Peter & Peter, 2009). Institutions play predominant role in entrepreneurial development (Georgios, Chortareas D; Claudia, Girardone; Alexia, Ventouri, 2013), (Siog, Azman-Saini, & Mansor, 2013), (Emanuele, Massimiliano, Marco, & David, 2013), (Dara, Szyliowicz; Tiffany, Galvin, 2010). Government and public policies significantly intervene in promotion of entrepreneurship and entrepreneurial development (Douglas & Dan, 2013), (Michael, 2011). Returns to entrepreneurial activities depend on the ability of entrepreneurs (Banjo & Doren, 2013). Equally, availability of financial support is important for sustainable entrepreneurial and entrepreneurship development and also for economic development and poverty eradication (Georgios, E. Chortareas; Claudia, Girardone; Alexia, Ventouri, 2013), (Muhammadsuhaimee, Roslan, & Nor Azam, 2013). Multiple factors contributes for entrepreneurship development and motivation is most important one among them (Gamal & Galt, 2011), (Alex, 2010), (Carmen, 2013), (Mark, Mark, & Jane, 2013), (Ping & E. Burton, 2007). Therefore, motivational factors play immense role in entrepreneurship development.

Methodology:

The primary data collected from field survey of 240 enterprises in Mysore district have been used for the study. Only the nominal scale data used to in this paper. Accordingly an attempt has been made to analyze the perception of entrepreneurs.

Entrepreneurs have been asked to reveal their opinion about motivation for establishment of enterprise. The binary Probit model was used to analyze the perception of entrepreneurs. The dimensions used for the analysis are nature of activity, type of enterprise, nature of finance availed, gender and type of education.

Motivation of Family:

Family has been considered as one of the motivating factors for establishment of enterprise. The Probit model has been used to estimate the impact of dimensions on perception of entrepreneurs.

$$P = \beta_0 + \beta_1N + \beta_2T + \beta_3F + \beta_4G + \beta_5E + e$$

$$P^* = 11.42 - 0.43N + 0.71T + 0.17F - 5.67G - 2.16E$$

$$Z = (4.19) \quad (-1.09) \quad (1.76) \quad (0.36) \quad (-5.09) \quad (-3.89)$$

$$\text{Sig: } 0.000 \quad 0.275 \quad 0.079 \quad 0.716 \quad 0.000 \quad 0.000$$

$$NB = 120, LR \text{ Chi}^2 = 107.16, Prob > \text{Chi}^2 = 0.000, \text{Pseudo } R^2 = 0.655$$

Where,

P = Perception on motivation of family.

β 's are coefficients for dimensions.

N = Nature of business activity (1 for manufacturing, 2 for service).

T = Type of enterprise (1 for micro, 2 for small).

F = Finance (1 for availed institutional finance, 2 for not availed).

G = Gender (1 for male, 2 for female).

E = Education (1 for general degree, 2 for technical degree, 3 for business degree).

E = Error term.

NB = Number of observations.

The Probit model results have been presented above. It has been found from the results that type of enterprise, gender and education have significant influence on perception of entrepreneurs. Therefore, family motivation for establishment of enterprise is more for small scale entrepreneurs compared to micro entrepreneurs. Family motivation for establishment of enterprise is more for male entrepreneurs compared to female entrepreneurs. Family motivation for establishment of enterprise is more for entrepreneurs having general degree compared to entrepreneurs having technical and business degree.

Motivation of Government Incentives:

Government incentives have been considered as one of the motivating factors for establishment of enterprise. The Probit model has been used to estimate the impact of dimensions on perception of entrepreneurs.

$$P = \beta_0 + \beta_1N + \beta_2T + \beta_3F + \beta_4G + \beta_5E + e$$

$$P^{\wedge} = 4.19 - 0.55N + 0.51T + 0.31F - 2.55G - 0.71E$$

$$Z = (3.84) \quad (-1.93) \quad (1.81) \quad (0.91) \quad (-6.02) \quad (-3.32)$$

$$\text{Sig: } 0.000 \quad 0.053 \quad 0.070 \quad 0.364 \quad 0.000 \quad 0.001$$

$$\text{NB} = 120, \text{LR Chi}^2 = 61.72, \text{Prob} > \text{Chi}^2 = 0.000, \text{Pseudo R}^2 = 0.371$$

Where,

P = Perception on motivation of government incentives.

The Probit model results have been presented above. It has been found from the results that nature of business activity, type of enterprise, gender and education have significant influence on perception of entrepreneurs. Therefore, government motivation for establishment of enterprise is more for manufacturing entrepreneurs compared to service entrepreneurs. Government motivation for establishment of enterprise is more for small scale entrepreneurs compared to micro entrepreneurs. Government motivation for establishment of enterprise is more for male entrepreneurs compared to female entrepreneurs. Government motivation for establishment of enterprise is more for entrepreneurs having general degree compared to entrepreneurs having technical and business degree.

Motivation of Institutional Finance:

Institutional finance has been considered as one of the motivating factors for establishment of enterprise. The Probit model has been used to estimate the impact of dimensions on perception of entrepreneurs.

$$P = \beta_0 + \beta_1N + \beta_2T + \beta_3F + \beta_4G + \beta_5E + e$$

$$P^{\wedge} = 5.45 + 0.39N + 0.79T - 1.51F - 2.22G - 0.66E$$

$$Z = (4.25) \quad (1.16) \quad (2.25) \quad (-4.02) \quad (-5.35) \quad (-2.75)$$

$$\text{Sig: } 0.000 \quad 0.245 \quad 0.024 \quad 0.000 \quad 0.000 \quad 0.006$$

$$\text{NB} = 120, \text{LR Chi}^2 = 66.29, \text{Prob} > \text{Chi}^2 = 0.000, \text{Pseudo R}^2 = 0.48$$

Where,

P = Perception on motivation of institutional finance.

The Probit model results have been presented above. It has been found from the results that type of enterprise, nature of finance, gender and education have significant influence on perception of entrepreneurs. Therefore, motivation of institutional finance for establishment of enterprise is more for small scale entrepreneurs compared to micro entrepreneurs.

Motivation of institutional finance for establishment of enterprise is more for entrepreneurs availed the loan compared to entrepreneurs not availed the loan. Motivation of institutional finance for establishment of enterprise is more for male entrepreneurs compared to female entrepreneurs. Motivation of institutional finance for establishment of enterprise is more for entrepreneurs having general degree compared to entrepreneurs having technical and business degree.

Self-Employment as Motivation:

Self-Employment has been considered as one of the motivating factors for establishment of enterprise. The Probit model has been used to estimate the impact of dimensions on perception of entrepreneurs.

$$P = \beta_0 + \beta_1N + \beta_2T + \beta_3F + \beta_4G + \beta_5E + e$$

$$P^{\wedge} = 3.07 + 0.12N + 0.26T - 0.01F - 1.42G - 0.52E$$

$$Z = (3.22) \quad (0.48) \quad (0.96) \quad (-0.06) \quad (-4.49) \quad (-2.92)$$

$$\text{Sig: } 0.001 \quad 0.634 \quad 0.339 \quad 0.955 \quad 0.000 \quad 0.003$$

$$\text{NB} = 120, \text{LR Chi}^2 = 26.48, \text{Prob} > \text{Chi}^2 = 0.000, \text{Pseudo R}^2 = 0.19$$

Where,

P = Perception on Self-Employment as Motivation.

The Probit model results have been presented above. It has been found from the results that gender and education have significant influence on perception of entrepreneurs. Therefore, self-employment as motivation for establishment of enterprise is more for male entrepreneurs compared to female entrepreneurs. Self-employment as motivation for establishment of enterprise is more for entrepreneurs having general degree compared to entrepreneurs having technical and business degree.

Market Advantage as Motivation:

Market advantage has been considered as one of the motivating factors for establishment of enterprise. The Probit model has been used to estimate the impact of dimensions on perception of entrepreneurs.

$$P = \beta_0 + \beta_1N + \beta_2T + \beta_3F + \beta_4G + \beta_5E + e$$

$$P^{\wedge} = 4.98 - 0.20N + 0.22T - 0.15F - 2.00G - 0.78E$$

$$Z = (4.37) \quad (-0.72) \quad (0.79) \quad (-0.50) \quad (-5.34) \quad (-3.58)$$

$$\text{Sig: } 0.000 \quad 0.470 \quad 0.432 \quad 0.616 \quad 0.000 \quad 0.000$$

$$\text{NB} = 120, \text{LR Chi}^2 = 44.45, \text{Prob} > \text{Chi}^2 = 0.000, \text{Pseudo R}^2 = 0.29$$

Where,

P = Perception on Market Advantage as Motivation.

The Probit model results have been presented above. It has been found from the results that gender and education have significant influence on perception of entrepreneurs. Therefore, market advantages as motivation for establishment of enterprise is more for male entrepreneurs compared to female entrepreneurs. Market advantages as motivation for establishment of enterprise is more for entrepreneurs having general degree compared to entrepreneurs having technical and business degree.

Conclusion:

The present paper analyzed the motivational factors for establishment of enterprises. It has been found from the study that family, government incentives, institutional finance, self-employment and market advertisements have been proved to be motivational factors for establishment of enterprise. At the same time, family motivation is more for male having general degree and establishing small scale enterprises. Government incentives are more for manufacturing small scale enterpris-

es established by male entrepreneurs having general degree. Institutional finance is more for loan availed, small scale enterprises established by male entrepreneurs having general degree. Self employment and market advertisements are motivational factors for male entrepreneurs having general degree. Therefore, there is need to promote, female entrepreneurs having technical or managerial degree. Hence, families, governments and financial institutions should change their attitude for better development of entrepreneurial activities.

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