

A Study on Motivational Factors of Entrepreneurial Performance

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Abstract

Entrepreneurship is a key factor in the national economy. While understanding about entrepreneurship, it is vital to realize the achievement motivation among the entrepreneurs and its relationship with the success of their organisations. In this study, the factors influencing entrepreneurial performance are analysed using the correlation method. Totally 112 entrepreneurs from five categories of industries are considered for the survey. Interview-schedule is designed with the parameters of achievement motivation and entrepreneurial performance. It is found that achievement motivation is significantly correlated with entrepreneurial performance.

Keywords: Achievement Motivation, Entrepreneurship

Introduction

Entrepreneurship transforms the way we live and work. Successful entrepreneurs improve the standard of living, and in addition create wealth for a prosperous society. Various researches are undertaken to study entrepreneurial performance. Though a good deal of recent research has persuaded to focus on the characteristics of the industry environment or the characteristics of the entrepreneurial opportunity itself (Kaufmann and Dant), the study of entrepreneurship will not be completed without analysing the achievement motivation of the individuals involved (Venkataraman). Achievement motivation has been perceived as a compound set of values connected with entrepreneurial activity (McClelland). Though values can affect action, the social and organizational setting in which people exist will affect the extent to which people showing high levels of achievement motivation. Dependable with this perspective, (Holland) and (Schneider) proposed that when individuals select themselves into certain groups (e.g., jobs, occupations, careers), their attraction and willingness to remain in certain jobs and careers is a function of their personality, attitudes, and values. Further, the similarity among people who remain in a particular job or career tend to increase as people with different personality, attitudes, and values prefer to become entrepreneurs.

Certainly, recent research suggests that motivational traits are the important factors in entrepreneurial activity and success (Baum et al.; Stewart and Roth). Study on the traits of achievement motivation among entrepreneurs helps to identify those individuals who are best suited for identifying and exploiting entrepreneurial opportunities in the marketplace.

For example, individual traits and motivations may be used by schools, career counsellors, investors, government agencies, and so on to recognize individuals who are suited to undertake and succeed in entrepreneurial ventures (Shane and Venkataraman). In this article, the relationship between achievement motivation of the micro-industry entrepreneurs in Thoothukudi District and their performance is analysed. It will be useful to understand how achievement motivation is related to both the choice of entrepreneurship as a career and performance in entrepreneurial roles.

Objectives of the Study

The objectives of the study are as follows:

1. To study the socio-economic profile of the entrepreneurs in the micro-industrial units of Thoothukudi District.
2. To analyse the relationship between achievement motivation and entrepreneurial performance with respect to the entrepreneurs of Micro industries in Thoothukudi District.
3. To recommend suggestions to improve entrepreneurial performance.

Research Methodology

For this study, the descriptive research design is used. The entrepreneurs are selected from five different categories of micro-industries such as brick, salt, ready made garments, engineering works and safety matches industries in Thoothukudi District. The stratified random sampling method is used and 112 entrepreneurs are included in the survey. Interview-schedule is used to collect the primary data. Secondary data are collected from the reports of District Industries Centre, Thoothukudi, Research thesis and journals. The Cronbach alpha value for the variables are obtained as 0.90 and hence it is decided that the data are reliable. The data are analysed using percentage method, mean ranking and correlation analysis.

Motivational Factors and Entrepreneurial Performance

Motivation is the desire and efforts to coordinate and control resources to achieve something. The person with achievement motivation independently

over come all the obstacles and achieve the standards of excellence by using his/her talent successfully and increase self-satisfaction (Moore et al.). The entrepreneurs with achievement motivation have an urge to do something unique to make optimum use of the available resources. Some people have a strong drive to achieve while others have a low drive. Those who have strong drive are considered as high achievers. High achievers have an attitude of bearing uncertainties and they are adventurous.

The performance of an entrepreneur leads to the development of a firm. The responsibilities which are performed as per the desired goals lead to the end result. The development of a firm is the betterment of the fulfilment of its obligations. The venture performance is measured by the factors which are sales volume, sales growth, and stability in the profit. Success can be defined in many ways. Surviving the business for the first two or three years denote the success of the firm. The successful entrepreneur is an individual who started a business, improving it and surviving for a period of at least five years to the present profit making condition (Hornaday and Bunker). The entrepreneurial performance is measured in terms of financial as well as operational indicators. Using primary data, 'subjective business performance' is measured and using secondary data the 'objective business performance' is measured or both. Various researches provide the idea of measuring performance. In this study, the entrepreneurial performance is measured using the subjective method by considering the factors such as retaining and developing the customer base, attraction of new customers, sales growth, profitability in the last five years increase in the number of workers, increase in the size of the firm and stability of worker.

There is a direct relationship between the high need for achievement and the successful administration with a high standard of results-oriented skill. Individuals who have a high level of achievement motivation prefer to engage in the activities that are necessary for success in an entrepreneurial situation than the individuals who have low-level achievement motivation. For example, entrepreneurs who are high in achievement motivation are more likely to overcome obstacles, utilize resources

for help, compete, and improve their skills. The persons who are high achievers can be successful entrepreneurs. Their characteristics are different from other entrepreneurs. They always in search of areas of better responsibility and they are willing to accept it, fix challenging and achievable goals, and they plan to reach the goals. They are ready to accept measurable feedback and search for profitable industrial opportunities which will improve the firm. Hence there is an impact of achievement motivation on the entrepreneurial performance.

Review of Literature

The concept of the need for achievement was framed in the 1950s (McClelland et al.). McClelland and his colleagues claimed that a high need for achievement people are more likely to engage in energetic and innovative activities that involve planning for the future. They should also prefer tasks that involve skill and effort, provide clear performance feedback, and were of a moderate challenge. He also argued that entrepreneurial situations have more of these characteristics than other types of positions.

(Johnson) conducted a traditional review of the literature and concluded that there is evidence of a relationship between achievement motivation and entrepreneurial activity.

(Delmar) found that business performance is measured as the ability to survive and grow. Entrepreneurial behaviour is defined by the actions taken by the entrepreneur to reach desired goals.

(Krueger) in the research, emphasized the process-oriented entrepreneurial motivation. It is added that intention to become an entrepreneur is a function of three variables which are the perceived net desirability of self-employment, the perceived feasibility (self-efficacy) of self-employment and tolerance for risk.

(Sinha) commented on the main implication of achievement motivation present in the fact that it serves as a drive to activate entrepreneurs to exercise a more and higher level of efforts to achieve something important to them.

(Collins et al.) in his study proved that achievement motivation is significantly related to both occupational choice and performance in an

entrepreneurial role. He argued that the small variance in entrepreneurial activity that was enlightened by achievement motivation might have significant inferences because of the multiple opportunities for an individual to display achievement-oriented behaviour. Further, their findings suggest that achievement motivation is particularly strong in predicting outcomes at particular levels of analysis and in specific situations.

(Adegbite et al.) studied the “Evaluation of the impact of Entrepreneurial Characteristics on the Performance of Small Scale Manufacturing Industries in Nigeria”. In this study, they delivered that entrepreneurial personality is characterised by certain traits like the need for achievement, creativity and initiative, risk-taking, setting objectives, self-confidence, internal locus of control, need for independence, motivation and persistence.

Results and Discussions

The socio-economic profile, variables of achievement motivation, variables of entrepreneurial performance and relationship between achievement motivation and entrepreneurial performance are analysed using percentage analysis, mean ranking and correlation analysis respectively and the details of the results are discussed as follows:

Socio-Economic Profile of the Entrepreneurs

The entrepreneurs’ socioeconomic profile such as gender, age, educational qualification, experience, marital status, annual income, ownership form and sales turnover are analysed using percentage analysis as follows

Table 1 Socio-Economic Profile of the Entrepreneurs

S. No	Characteristics	Categories	%
1	Gender	Male	94.5
		Female	5.5
2	Age	Up to 30	10.3
		31-40	36
		41-50	44.8
		Above 50	8.9

3	Education	Below SSLC	25.5
		SSLC	51.9
		HSC	16.9
		Diploma and Degree	5.7
4	Experience	Below 5	10.4
		5-10	20.5
		11-15	45.3
		Above 15	23.8
5	Marital status	Married	87
		Unmarried	13
6	Annual Income	Up to 5,00,000	24.1
		5,00,001-10,00,000	29.2
		10,00,001- 15,00,000	38.1
		Above 15,00,000	8.6
7	Ownership form	Sole proprietorship	52.1
		Partnership	47.9
8	Sales turnover	Up to 60,00,000	46.2
		60,00,001-80,00,000	29.2
		Above 80,00,000	24.6

Table 1 reveals that 94.5 per cent of the respondents are male and 5.5 per cent is female. 44.8 per cent are in the age group of 41-50 per cent followed by 36 per cent in the age group of 31-40, 10.3 per cent in the age group of up to 30 years and 8.9 per cent in the age group of above 50 years. Overall 80.8 per cent of the entrepreneurs come under the age group of 31-50 years. It is clear that there is less number of respondents present in the age group of below 30 years. Regarding the educational qualification, it is found that 51.9 per cent of the respondents' educational qualification is SSLC followed by Higher secondary (16.9%) and Diploma and Degree holders (5.7%). Among the total respondents, 89.5 per cent of the respondents has more than five years of experience. The number of entrepreneurs who have below 5 years of experience is less. Hence it is inferred that the number of new entrepreneurs is less. Overall 87 per cent of the respondents are married and 13 per cent are unmarried. In the case of annual income it is found that 38.1 per cent of the respondents' annual income is 10,00,001 to 15,00,000, 29.2 per cent of the respondents' annual income is 5,00,001 to 10,00,000, 24.1 per cent of the respondents' annual income is up to 5,00,000 and 8.6 per cent of the respondents' annual income is

above 15,00,000. Regarding the ownership form, it is revealed that 52.1 per cent of the entrepreneurs' business form is a sole proprietorship and 47.9 per cent of the entrepreneurs' business form is the partnership. While considering sales turnover it is found that 46.2 per cent of the respondents' sales turnover is up to 60,00,000 followed by Rs.60,00,000 to Rs. 80,00,000 (29.2%), and above Rs.80,00,000 (24.6%).

Achievement Motivation

Achievement motivation of the entrepreneurs is measured through the ten different variables shown in the below table. The mean value of the variables is used to get the rank of each variable.

Table 2 Mean Value of Variables Representing Achievement Motivation

S. No	Variables	Mean	SD	Rank
1	Feeling of proud and happy	4.065	0.932	I
2	Level of success in business	4.011	1.063	II
3	Goal achievement	4.003	1.032	III
4	Perfect Completion of Work	3.943	0.967	IV
5	Avoidance of Diversion	3.881	1.040	V
6	Quick recognition of opportunities	3.252	0.987	VII
7	Updation with current trends.	3.224	0.982	VIII
8	Pioneer in the introduction of new products	3.139	1.003	IX
9	Inspiration makes organisational goals.	3.5	1.009	VI
10	Extra efforts to get success	3.113	0.944	X

From Table 2, it is inferred that among the variables of achievement motivation, the variable 'feeling of proud and happy' has the highest mean value followed by 'level of success in business', 'goal achievement', 'perfect completion of work', 'avoidance of diversion', Inspiration makes organisational goals, quick recognition of opportunities, updated with current trends, pioneer

in introduction of new products and extra efforts to get success.

Entrepreneurial Performance

The entrepreneurial performance is measured using the parameters such as ‘retaining and developing customer base’, ‘attraction of new customers’, ‘sales growth’, ‘profitability’, ‘increase in the size of the firm’ ‘increase in the number of workers’ and ‘stability of the firm’. The mean value of each variable and its rank are given as follows:

Table 3 Rank Value of Entrepreneurial Performance

S. No	Variables	Mean	Rank
1	Retaining and developing a customer base	4.40	II
2	The attraction of new customers	4.52	I
3	Sales growth	4.27	III
4	Profitability	4.22	IV
5	Increase in the size of the firm	3.51	VI
6	Increase in the number of workers	3.76	V
7	Stability of workers	3.33	VII

Among the seven variables of entrepreneurial performance, ‘attraction of new customers’ got the first rank followed by ‘retaining and developing customer base’, ‘sales growth’, ‘profitability’, ‘increase in number of workers’, ‘increase in the size of the firm’ and ‘stability of workers’.

Relationship between Achievement Motivation and Entrepreneurial Performance

The relationship between achievement motivation and the performance of entrepreneurs is analysed using the Pearson correlation analysis as follows:

Table 4 Relationship between Achievement Motivation and Entrepreneurial Performance

S. No	Achievement Motivation	Correlation Co-efficient
1	Feeling of proud and happy	0.700(**)
2	Level of success in business	0.705(71**)
3	Goal achievement	0.602 (**)
4	Perfect Completion of Work	0.708(**)
5	Avoidance of Diversion	0.635(**)

6	Quick recognition of opportunities	0.712(**)
7	Updation with current trends	0.687(**)
8	Pioneer in the introduction of new products	0.620(**)
9	Inspiration makes organisational goals	0.707(**)
10	Extra efforts to get success	0.712(**)

Note: i. **Denotes significant at 1 percent level

ii. Dependent variable: Entrepreneurial Performance

Table 4 shows the correlation coefficient between achievement motivation factors and entrepreneurial performance. The correlation coefficient between ‘feeling of proud and happy’ and entrepreneurial performance is 0.700 which indicates that 70.0 per cent of positive relationship exists between them and is significant at 1percent level. The correlation coefficient between ‘level of success in business’ and entrepreneurial performance is 0.705 which indicates that 70.5 per cent of positive relationship exists between them. Accordingly, all the other factors of achievement motivation are positively related to entrepreneurial performance. When ever the respondents’ achievement motivation is increased, the entrepreneurial performance will also be increased. Achievement motivation is constructed by the indicators such as “feeling of proud to achieve something”, “perfect completion of work” “level of success in the business” which are closely related with the good performance. Hence, it is proved that the achievement motivation of the entrepreneurs has its effect on their performance.

Conclusion

This article studied the achievement motivation of entrepreneurs and their relationship with their performance. From the analysis, it is found that achievement motivation has a significant relationship with entrepreneurial performance. Hence improving motivation level of entrepreneurs is essential for the development of industries. Motivation training can help entrepreneurs to enlighten their stimulation towards the achievement.

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