
Motivational Factors of Micro, Small and Medium Entrepreneurs for Business Startups

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Abstract

Motivation is the set of forces that initiate behavior and determine its form, direction, intensity and duration. Motivation plays a very important role in influencing an individual to become an entrepreneur. Thus the present study is based on present study were predominantly motivated by factors such as recognition and independence. The data were collected from 200 respondents with the help of a questionnaire from the MSME entrepreneurs, from four districts in Haryana (India)

Key Words: Entrepreneurs, Motivational Factors.

Introduction

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risk in terms of equity, time and career commitment or provide value in terms of goods and services (Hisrich, 2008). Entrepreneurial activities such as innovation, risk bearing, employment creation have been

contributed to the development and prosperity.

Entrepreneurship is strongly linked to micro, small and medium sized enterprises (MSMEs), which are the main developing force of the developed market economies (Stefanovic et al. 2011). Micro, small and medium enterprises play an important role in economic growth and employment generation. As micro enterprises constitute the major proportion of 95% (approx.) among micro, small and medium enterprises (MSME annual report, 2016). Manufacturing and services are two major types of enterprises in this sector.

Thus our focus in this research is to find the motivational factors and their impact on micro entrepreneurs. Considering that the entrepreneurs are very significant for the growth and development of our countries, understanding their motivational is a very important topic. Motivational factors have a

considerable impact on development and growth of entrepreneurial activities.

Literature review

A number of studies have been conducted to explain motivational factors which influence individuals to start their own businesses. Some researchers believe internal or pull factors as important motivators, while others believe external or push factors play dominant role (Alstete, 2003). Similarly Kirkwood in 2009 explained the role of both push and pull factors which influences an individual to own a business. Push factors are negative factors which force people to become entrepreneurs in order to survive. Dissatisfaction with the salaried job, insufficient family income, lack of available work and loss of paid job are some push factors (Orhan & Scott, 2001). This finding is consistent with the Curran and Blackburn, 2001; Moore and Buttner, 1997 identified pushed factors such as unemployment and retrenchment, a low paying job with little upward mobility and/or a desire to escape supervision. Carland et al. (1984) emphasized on the role of internal motivational factors like independence, achievement etc. In the same vein Orhan & Scott, 2001 explained some external or

pushed factors such as Need for independence, self fulfilment, desire for extra income, desire for development etc. are some pull factor which might influence people to choose entrepreneurship as a career option.

The profit making can be a reason to start a business. It is one of the important motivational factors, as explored by Stefanovic et al. in 2011; they surveyed 79 SMEs in Serbia and found that the most important reason for starting a business was to increase income. The desire for money was one of the goals traditionally associated with entrepreneurs (Birley and Westhead, 1994, Shane, 2004, Cassar, 2007). Similarly, Benzing, C. and Chu, M. (2009) found opportunity to increase income was one of the strongest motivators among three motivational factors.

Furthermore it has been suggested by Shane in 2004, that the desire for independence is an important motivation for academic entrepreneurs to set up their businesses as compared to the high degree of autonomy and the relative freedom they have in their jobs. Hussain and Yaqub (2010) conducted a study in Pakistan to investigate motivation for micro- entrepreneur to start

their venture. The major motivation behind entering into the micro-business venture(s) was self-employment. Employment of family member is also an important factor that motivates the micro-entrepreneurs to launch a venture. Chu et al. (2008) through a survey of Nigerian entrepreneurs found that there were ten reasons for business ownership. Entrepreneurs suggested independence, satisfaction and growth, increasing income and past training/experiences as important motivators. Shane et al. (2003) explored that human motivations influence an individual to be an entrepreneur, and the variance across people in these motivations will influence who pursues entrepreneurial opportunities, who assembles resources, and how people undertake the entrepreneurial process. The need for achievement and profit making were the most prominent motivators for women entrepreneurs (Sadi and Ghazali, 2012). Furthermore, it has been suggested that women are motivated by intrinsic goals, such as independence and the flexibility to interface family and work commitments (Rosa, Carter, and Hamilton (1996).

Exploratory research by Kuratko, Hornsby and Naffziger (1997) and Robichaud, McGraw and Roger (2001)

examined motivational categories lead to business success. Findings from their studies showed that motivation of entrepreneurs falls into four categories such as Extrinsic rewards, Independence/autonomy, Intrinsic rewards and Family security.

These four groups of factors determine the motivational level of entrepreneurs which in turn affects the success in business. Similarly motivational factors can be divided into four categories by Benzing, Chu and Kara (2009) i.e Economic factors, Independence, Internal satisfaction, and Personal and family security

The above examination of the relevant literature provides a ground for this research. A comprehensive study of the motivational factors of MSME entrepreneurs would make a significant contribution to entrepreneurship literature.

Methodology

The main objective of this study was to find out the reasons for the MSME entrepreneurs to start their own business.

Sample

The sample used in the present study consists of micro, small and medium entrepreneurs who have been running their business. A sample of 200 entrepreneurs was

randomly selected from the list provided by District Industries Centre(DIC) office from Jhajjar, Hisar, Panchkula and Rewari from Haryana.

Results and Discussions

The questionnaire was used to collect data on motivational pattern of MSME entrepreneurs. The respondents gave their responses for motivation on five point Likert scale against various statements representing motivation.

Table: **KMO and Bartlett's Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.803
Bartlett's Test of Sphericity	Approx. Chi-Square	5436.552
	Df	378
	Sig.	.000

Keiser-Meyer-Olkin measure of sampling adequacy was 0.803 showing that the sample size was adequate according to the number of statements and Bartlett's test of Sphericity was significant at 0.000. This implied that the null hypothesis (Ho: There is no correlation among the motivational items) was rejected. It showed that there is correlation among the items of motivation

and the data set is adequate for the factor analysis.

To collect the data on motivation, a list of 30 variables representing motivation was presented to MSME entrepreneurs which influenced them to start their business. The Bartlett's test of Sphericity showed that these motivational variables were highly correlated. In order to reduce data and to form mutually exclusive groups having no correlation factors analysis was conducted. The direct and unrotated analysis did not presented a good collection of factors. Again factors analysis was conducted and factors were extracted via varimax rotation. However, two variable were dropped because of their low communalities and individual KMO values. Factors analysis was again conducted on 28 variables representing motivation and four groups of variables were extracted as distinct factors explaining 73.43 percent of total variance

Table : Showing the results of principal component factor analysis with varimax rotation, factor loadings and variance explained for motivation items

Rotated Component Matrix^a

	Component			
	1	2	3	4
26. I wanted greater freedom to adopt my own approach to work	.875			
5. I thought I would get more respect by working for myself	.846			
9. I had a desire for the recognition in the society	.812			
24. I was willing to achieve higher position in society	.796			
2. I had a desire for high earning	.789			
25. I had a wish to be greatly respected by friends	.773			
7. I started it for my own satisfaction and growth	.766			
12. I always wanted a job security for myself and for my family	.757			
8. I did not want to lose my personal freedom	.749			
28. To have greater flexibility for the private life	.731			
1. I had strong desire to be the owner of my own business		.945		
13. I was not challenged by the work I was doing		.837		
14. My competitive nature pushed me to start my own business		.816		
27. My longing to control my own time stimulate me to start this business		.736		
18. I wanted to use my creativity and innovativeness		.724		
17. My risk taking nature pushed me start this business		.716		
11. I wanted to build a business to pass on		.695		

4. I was following the example of a person I admire		.691		
3. I wanted to use my previous experience and training		.648		
20. Access to the labor for the business encouraged me to start this business			.892	
21. Access to the customers for the products encouraged me to start this business			.882	
19. Access to the finance for the business encouraged me to start this business			.875	
23. Demand for the product in to the market encouraged me to set up a production unit for it			.871	
22. Access to the market for the product encouraged me to start this business			.866	
16. I had not been working for a period of time that's why I started my own business				.895
15. I could not get a job, hence I started my own business				.881
6. I was willing to continue my family tradition				.880
10. I wanted to provide the job to my family members				.879
Variance	6.815	5.842	4.313	3.592
Percentage of variance	24.341	20.863	15.404	12.829

The first factor, referred as “Recognition”, consists of 10 motives: 2, 5, 7, 8, 9, 12, 24, 25, 26 and 28. Entrepreneurship is a way by which they can increase their social circle and get recognition and respect in the society. By starting their own business they can considerably increase their earnings as

compared to paid by someone else on a job. By doing so they can win respect and built good relations in the society. This factor explains 24.34 percent of the variance.

The second factor, referred as “Independence”. It consists of 9 variables of motivation: 1, 3, 4, 11, 13, 14, 17, 18, and 27. This factor shows 20.86 percent of the

variance. It can be inferred that entrepreneurs wanted to work with their own approach and want to use their creativity and innovativeness to have an edge in the competitive market. They want to use their past experiences and training and built a business that can provide long term financial security to them and their family members.

The third factor is named as “: Favorable market situations” made up of 5 variables of motivation: 19, 20, 21, 22 and 23. It accounts for 15.40 percent of the variance. Sometimes the favorable market situations also pushes an individual to start their own business. The availability finance, labor and especially a favorable business opportunity stimulates an individual to start a business.

Finally, the fourth factor extracted is “Security”. It is a combination of four motivational items: 6, 10, 15 and 16. This factor explains 12.82 percent of variance. By doing one’s own business an individual can get long term financial security and even can built a business to pass on.

Conclusion

As indicated in other studies on motives for entrepreneurship (in more formalized and bigger size businesses) in

India, this article found that individuals made the choice to enter entrepreneurship based on the expected outcome for themselves and their families (including gains in income, independence, and flexibility, time spent with their children and access to a healthy social life). Recognition was clearly the most important factor of entrepreneurship as compared to independency, market situations and security. Entrepreneurial activities are increasingly promoted as a means for creating growth and development. The increased knowledge of motivational factors of MSME entrepreneurs can be helpful in establishing appropriate policies around entrepreneurship. Further empirical research focusing on different groups of entrepreneurs could produce important insight into the different factors which impact motivations for entry in businesses.

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