



A Study on Entrepreneurs Motivation and Success Factors

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Abstract

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. The relationship between motivational and success factors for entrepreneur's success has not been intensively studied in Nepalese context. This research attempted to access motivational and success factors and their relationship with success of Entrepreneurs in Nepal.

Key Words: *Entrepreneurship, Motivation, Factors, Entrepreneurial Intention, Achievement, Financial Rewards, Social Recognition,*

Introduction

Entrepreneurship is an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks. (Hisrich,2005). Entrepreneurs are people who innovate and whose function is to carry out new combinations called “Enterprises” and are the prime movers in economic development (Schumpeter,1934). Reasons for the becoming an entrepreneur differ from person to person, from one country to another depending on economic, political, social and cultural environment in which entrepreneurs operate (Chu et al., 2011). Motivation is the set of forces that initiate behavior and determine its form, direction intensity and duration. Motivation is a significant factor in the start-up and success of the business. Behavioral psychologists point out that individual job performance is a function of ability and motivation and motivation originates from both internal and external stimulations (Chu et al , 2011).

Like motivation factors, it is equally important to know what success is and what factors contribute to the success of entrepreneurs. Entrepreneurial success has been defined in different ways. Success is defined as profitability and growth. When tested against profitability and growth, externally motivated entrepreneurs are more likely to experience a high-level growth than externally motivated entrepreneurs. Likewise, for entrepreneurial success, the easiest definition is through tangible elements such as revenue or a firm's

growth, personal wealth creation, profitability, sustainability and turnover (Amit et al., 2000). Considering that entrepreneurs are very significant for the growth and development of economies in countries in which they operate their businesses, understanding their motivational and success factors is a very important topic. These two groups of factors have a considerable impact on development of entrepreneurial activities.

Methodological aspect

This study was designed to determine relationships between dimensions of motivational factors (Financial rewards, need for achievement, and need for independence, social recognition and necessity) and success factors (access to capital, strong social tie, experience, good products and services and marketing/sales promotion) with entrepreneurial success in Nepal. Convenience sampling used to select the respondents of study. Convenience sampling was appropriate for this research because this technique was best way to the respondents; similarly, due to resource constraints and money. This sampling technique generally assumes a homogenous population that means the members of the population poses similar characteristics. Under convenience sampling samples were selected not only by judgment but because elements in a fraction of population can be reached conveniently on the basis of proximity, ease of access and willingness of respondents to participate. Although convenient sampling is not very specific, it is perfectly valid in explanatory research where there is need to get only an approximation of actual value.

Sample Size

A total of 108 responses were accepted. Yamane developed the equation to yield a representative sample for proportion. It provides a simplified formula to calculate the sample sizes. This formula was used to calculate the sample sizes.

$$n = \frac{N}{1 + N(e^2)}$$

Source: Yamane

Here n_0 is the sample size, The study use sample size of 99.96 by using Yamane formula to calculate the sample size using margin of error as 10 % which is equivalent to sample size of 100 while rounding off. Thus, the study represents total size of 108.

Source of Data

The required data for the present study are obtained from:

- a. Primary data
- b. Secondary data

Primary Data Collection

In this research primary data collection method was used. Primary data refers to data that is first used to test the working hypothesis and then used as evidence to support a researcher's claim. For this research, survey questionnaire method was used as it is the best suited for descriptive study. The questionnaires were handed out through delivery and collection method which belongs to the category of self-administered questionnaires. The questionnaires were distributed online as well as handed face to face. Online distribution



was done through emails and social networking sites. The data collection phase was spanned a total of four weeks.

Secondary source of data

This study also used several secondary data while collecting required information. The sources of information were collected from previous research, web information, biography, journal and article. This helped to identify how other research have defined and measured key concepts, basis for conclusion and the use of data sources.

Variables

As it has been clearly identified in the hypothesis section in the previous chapter, the variables used in the present study are as follows:

- Independent Variable: Motivational factors and Success factors
- Dependent Variables: Entrepreneurial success

Sampling Methods

Convenient sampling method was used in the survey. Convenience sampling was used due to nature of the study. The data were collected through the distributed questionnaires. Respondents were approached and informed about the purpose of the survey in advance before they were given the questionnaire.

Results and Discussions

This chapter is based on the analysis and interpretation of data collected during the study. Here the data is analyzed with the objective of drawing out valuable conclusion and recommendation. The analysis is done based on primary data obtained from the entrepreneurs of various industries. This chapter is divided into three major sections. The first section provides the demographic characteristics of the respondents which include gender, age group, academic qualification, prior experience including experience as an entrepreneur. Similarly, the second section deals with the analysis and interpretation of data collected from the questionnaire.

The study was conducted with a purpose to investigate the relationship of motivational and success factors with entrepreneurial success. The population for this research was composed of entrepreneurs and small business owners. Convenience sampling was used in this study to choose the respondents for the study. Convenience sampling was used due to the nature of the study. The data were collected through the distributed questionnaire. Respondents were approached and informed about the purpose of the survey in advance before they were given the questionnaire. Out of 108 respondents 69.4% were male and 30.6 % were female where, the number of male respondents was 75 and that of female respondents were 33. Age group of the respondents, where majority of them represented 40-50 years age group. Out of total respondents of 108, 24.07% represents this age group. Similarly, 15.74% were in the age group of 20-30, 20.37% were in 30-40, 21.30% were in the group of 50-60 and 18.52% were above 60 years.

Likewise, in terms of education, 3.70 % of the respondents had below secondary school level of education, 9.26 % of the respondents had intermediate level of education,

48.15 % of the respondents had graduate level and 38.89 % had post graduate level of education.

Similarly, out of total respondents 77.8% had previous work experience whereas 22.2% of respondents did not have prior work experience. Further, out of total respondents 25 had been working 1-5 years as an entrepreneur, 28 had 5-10 years experience as an entrepreneur, 18 had 10-15 years experience as an entrepreneur. Similarly, 7 respondents had been working as an entrepreneur for last 15-20 years and 30 people had been working as entrepreneur for more than 20 years.

Descriptive Analysis

This section deals with the descriptive analysis of the data collected through the questionnaire during research process. Here, descriptive analysis incorporates calculation of statistical measures such as mean and standard deviation. All items were measured on five points Likert scale anchored by “Strongly Agree= 5”, “Agree =4”, “Neutral = 3”, “Disagree = 2” and “Strongly Disagree = 1”. These values help the researcher to analyze the data with respect to frequencies and aggregation relating questions and variables. The descriptive analysis is presented in chart and table for understanding. The study established that there is a strong association between the need for achievement and entrepreneurial success, followed by financial reward, social recognition, and necessity. To examine the relationship between the variables, the hypothesis testing was conducted through correlation analysis. After the analysis it was found that there was a significant relationship between financial rewards, need for achievement, social recognition and necessity. However, the hypothesis there is no significant relationship between need for independence and entrepreneurial success was failed to be rejected. Similarly, the study showed there is significant relationship of access to capital, strong social tie, good products and services, prior experience and marketing and sales promotion activities with entrepreneurial success.

Correlation of each motivational factor with Entrepreneurial Success

Table 1 Correlation of each motivational factor with Entrepreneurial Success

Dependent Variable		Independent Variables				
		Financial reward	Need for achievement	Social recognition	Need for Independence	Necessity
Entrepreneurial success	Pearson Correlation	.385**	.448**	.381**	.159	.339**
	Sig. (2-tailed)	.001	.001	.001	.100	.001
	N	108	108	108	108	108

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1 indicates that the five factors of the independent variable, motivational factor, were all positively correlated with the dependent variable, entrepreneurial success. The five factors were financial reward, need for achievement, social recognition, need for independence and necessity. The coefficient of correlation of 0.448 for need for achievement, 0.385 for financial reward, 0.381 for social recognition and 0.339 showed there exist moderate positive relationship each factor with entrepreneurial success. Similarly, the coefficient of correlation of 0.159 for need for independence showed there exist weak positive relationship of need for achievement with entrepreneurial success. Further, it is apparent from the above table that all motivational factors have a significant positive relationship with entrepreneurial success ($p < 0.01$) except for the need for independence.

Correlation of each success factors with Success

Table 2 Correlation of each success factors with Entrepreneurial Success

Dependent Variable		Independent Variables				
		Access to capital	Strong social tie	Good products and services	Experience	Marketing and sales promotion
Entrepreneurial success	Pearson Correlation	.444**	.497**	.517**	.259**	.409**
	Sig. (2-tailed)	.001	.001	.001	.007	.001
	N	108	108	108	108	108

** . Correlation is significant at the 0.01 level (2-tailed).

Table 2 indicates that the five factors of the independent variable, success factor, were all positively correlated with the dependent variable, entrepreneurial success. The five factors were access to capital, strong social tie, good products and services, experience and marketing/sales promotions.

The coefficient of correlation of 0.517 for good products and services showed there exists strong positive relationship of good products and services with entrepreneurial success. The coefficient of correlation of 0.497 for need for a strong social tie, 0.444 for access to capital and 0.409 for marketing/sales promotions showed there exist moderate positive relationship each factor with entrepreneurial success. Similarly, the coefficient of correlation of 0.259 for prior experience showed there exist weak positive relationship of need for achievement with entrepreneurial success.

Further, it is visible from the above table that all motivational factors have a significant positive relationship with entrepreneurial success ($p < 0.01$).

Regression Analysis

Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

Table 3 Model Summary

Model	R	R Square	Adjusted R square	Std.Error of the Estimate
1	(.783)a	.613	.606	.64452

“a” Predictors (Constant), success factors, motivational factors.

Table 3 shows the findings of regression analysis between entrepreneurial motivational and success factors with the entrepreneurial success. R value of 0.783 indicates strong positive relationship of entrepreneurial relationship of entrepreneurial motivational and success factors with the entrepreneurial success.

R square also called the coefficient of determination and tells us how entrepreneurial success (dependent variable) varied with entrepreneurial motivational factors and success factors (independent variables). From the regression model summary above, the value of R^2 is 0.613 suggesting that 61.3% of the variation of entrepreneurial success is explained by the entrepreneurial motivational factors and success factors.

Table 4: ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
1. Regression	69.212	2	34.606	83.306	.000(b)
Residual	43.618	105	.415		
Total	112.831	107			

- a. Dependent Variable: Entrepreneurial Success
- b. Predictors: (Constant), success factors, motivational factors.

Table 4 shows that the model is significant at 1% level of significance so multiple linear models can be used to analyze data.

Table 5 Coefficients Results

Model	Unstandarized Coefficients		Standarized Coefficients	t	Sig.
	B	Std.Error	Beta		
1 (Constant)	-7.343	.876		-8.383	.001
Motivational factors	1.461	.217	.438	6.719	.001
Success factors	1.368	.175	.509	7.807	.001

With reference to the significance levels, the study established that there is a significant relationship of motivational factors and success factors with the entrepreneurial success. It explains these variables account for the greatest contributions on entrepreneurial success. It explains if a person motivated by combination of factors like financial rewards, need for achievement, need for social recognition, need for independence and necessity comes up with a entrepreneurial venture having good products and services with effective marketing and sales promotion with abundant experience and relatively better access to capital supported by strong social tie is likely to achieve the success.

Further, when other factors held constant, each unit change in motivational factors changes the entrepreneurial success by 1.461 units and 1 unit change in success factors changes the entrepreneurial success by 1.368 units.

Conclusion

This study has identified various motivational factors inducing entrepreneurial intention. Those factors were need for achievement, financial rewards, social recognition, need for independence and necessity. Similarly, access to capital, strong social tie, good products and services, past experience and marketing/sales promotion were found to be the critical success factors among entrepreneurs.

As revealed by the research results, most of the entrepreneurs are successful because they provide good products and services with unique features having mass appeal at competitive price and good customer service. Thus the key to success is a product with unique features having mass appeal at competitive price and good customer service. Likewise study also discovered most of the entrepreneurs are successful because they have strong network with suppliers, customers, banks and financial institutions, and related business. Thus building network must be an entrepreneur focus area. Similarly, the study identified access to capital plays an important role in order to achieve business success. Further, the study revealed entrepreneurs are successful because they have strong marketing and sales promotion and they have experience.

The study also indicated entrepreneurs with high need for achievement has exceeded expectations in business. Similarly, it can be concluded that entrepreneurs with strong need for financial rewards are successful in their business. Entrepreneurs who were working for achieving social recognition and who were motivated by necessity were also found successful.



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