School of Studies in Management, Jiwaji University, Gwalior
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Topic: Entrepreneurial Motivation

ENTREPRENEURIAL MOTIVATION

Entrepreneur is human being who has his dignity, self-respect, values, sentiments, aspirations, dreams apart from economic status. Indeed, economic betterment and social upliftment motivates a person to distinguish from others.

Entrepreneurship is to a great extent the product of motivation. Motivation refers to the inner drive that ignites and sustains behaviour to satisfy needs. Behaviour is always caused and it is not spontaneous. In other words, human behaviour is goal directed or directed towards satisfaction of needs. A person's behaviour is shaped by several sociopsychological factors such as his goals, education level, cultural background, work experience, etc. When a person, feels some need tension arises in his mind until the need is satisfied. The tension motivates him to take action. If the action is successful need is satisfied otherwise the person changes the action until the need satisfaction occurs.

CONCEPT OF MOTIVATION

The term 'motivation' has its origin in the Latin word "movere" which means to "move". Thus, motivation stands for movement. One can get a donkey
to move by using a "Carrot or a stick", with people one can use incentives, or threats or reprimands. However, these only have a limited effect. These work for a while and then need to be repeated, increased or reinforced to secure further movement. The term motivation may be defined as "the managerial function of ascertaining the motives of subordinates and helping them to realise those motives."

THEORIES OF MOTIVATION

The importance of motivation to human life and work can be judged by the number of theories that have been propounded to explain human's behaviour. They explain human motivation through human needs and human nature.

1. Maslow's Need Hierarchy Theory : Prof A. H. Maslow developed a theoretical framework for understanding human motivation which has been
widely acclaimed. According to him, a person's effectiveness is a function of matching his opportunity with the appropriate position of hierarchy of needs.
Process of motivation begins with an assumption that behaviour, at least in part, is directed towards the satisfaction of needs.

(i) Basic Physiological Needs : The physiological needs relate to the survival and maintenance of human life. These needs include such things as food, clothing, air, water and other necessaries of life which are biological in nature. These needs are primary needs.

(ii) Safety and Security Needs: After satisfying the 'physiological needs, people want the assurance of maintaining a given, economic level. They want job security, personal bodily security, security of source of income, provision for old age, insurance - against risks, etc.

(iii) Social Needs: Man is a social being. He is, therefore, interested in conversation, sociability, exchange of feelings and grievances; companionship, recognition, belongingness, etc.

(iv) Esteem and Status Needs: These needs embrace such things as self- confidence, independence, achievement, competence, knowledge and success. These needs boost the ego of individual. They are also known as egoistic needs. They are concerned with prestige and status of the individual.

(v) Self-Fulfillment Needs: The final step under the need priority model is the need for self-fulfillment or the need to fulfill what a person considers to be his mission in life. It involves realizing one's potentialities for continued self-development and for being creative in the broadest sense of the word.
After his other needs are fulfilled, a man has the desire for personal achievement.

Appraisal of Need Hierarchy Model:

The need priority model may not be apply at all times in all places. Surveys in continental European countries and Japan have shown that the model does not apply very well to their managers.
Their degrees of satisfaction of needed does not vary according to the need priority model. For example, workers in Spain and Belgium felt that their esteem needs are better satisfied than their security and social needs, Apparently, cultural differences are an important cause of these differences. Thus, need hierarchy may not follow the sequence postulated by Maslow. Even if safety
need is not satisfied, the egoistic or social need may emerge.

2. McClelland's Acquired Needs Theory
Each person tends to develop certain motivational drives as a result of his cognitive pattern and the environment in which he lives. David McClelland gave a model of motivation which is based on three types of needs, namely, achievement, power and affiliation. They are as follows:

(i) Need for achievement (n-Ach): a drive to excel, advance and grow;
(ii) Need for power (n-Pow): A drive to influencing others and situations;
(iii) Need for affiliation (n-Aft): A drive for friendly and close interpersonal relationships.

McClelland also suggests that these three needs may simultaneously be acting on an individual. But, in case of an entrepreneur, the high need for achievement is found dominating one. In his view, the people with high need for achievement are characterised by the following :

(i) They set moderate, realistic and attainable goals for them.
(ii) Prefer to situations in which they can find solutions for solving personal responsibility.
(iii) They need concrete feedback on how well they are doing.
(iv) They have need for achievement for attaining personal accomplishment.
(v) They look for challenging tasks.

Entrepreneurial motivation may be defined as a set of motives such as high need to achieve, moderate need for power and low affiliation motive which induce people to set up and run their own enterprises. Apart from these, entrepreneurs have other behavioural dimensions such as, tolerance for
ambiguity, problem solving, creativity, etc.

MOTIVES FOR STARTING ENTERPRISES

Several researchers have carried out research studies to identify the factors that motivate people to start business enterprises. The findings of some
of the studies are as follows.
1. In this pioneering study, R.A. Sharma classified all the factors motivating the entrepreneurs into two types as follows :

(i) Internal factors

(a) Educational background
(b) Occupational experience
(c)Desire to do something pioneering and   innovative
(d) Desire to be free and independent
(e) family background

(ii) External factors
(a) Assistance from Government
(b) Financial assistance from institutions
(c) Availability of technology and/or raw materials
(d) Encouragement from big business units
(e) Heavy demand for product

Study by Murthy, Sekhar and Rao on entrepreneurial motivation classified the factors behind entrepreneurial growth into three categories as follows :

1. Entrepreneurial ambitions

(a) To make money
(b) To continue family business
(c) To secure self-employment/independent living
(d) To fulfil desire of self/wife/parents
(e) To gain social prestige
(f) Other ambitions-making of a decent living, self-employment of children, desire to do something creative, provide employment to others.

2. Compelling reasons

(a) Unemployment
(b) Dissatisfaction with the job so far held or occupation pursued
(c) Make use of idle funds
(d) Make use of technical/professional skills.
(e) Others-maintenance of large families, revival of sick unit started by father.

3. Facilitating factors

(a) Success stories of entrepreneurs
(b) Previous association (experience in the same or other line of activity)
(c) Previous employment in the same or other line of activity
(d) Property inherited/self acquired/wife's
(e) Advice or influence (encouragement) of family members/ relatives/mends.
(f) Others- association as apprentices and sleeping partners.

THE ACHIEVEMENT MOTIVATION

David McClelland has developed an Achievement Motivation Theory. According to this theory an individual's Need for achievement (n-Ach) refers to the need for personal accomplishment. It is the drive to excel, to strive for success and to achieve in relations to a set of standards.

The following psychological factors contribute to entrepreneurial motivation :

1. Need for achievement through self-study, goal-setting and interpersonal, support.
2. Keen interest in situations involving moderate risk.
3. Desire for taking personal responsibility.
4. Concrete measures of task performance.
5. Anticipation of future possibilities.
6. Energetic or novel instrumental activity.
7. Organisational skills, etc.

Need for achievement is simply the desire to do well not so much for the, sake of social recognition or prestige but for the sake of an inner feeling of personal of accomplishment. It is

this need for achievement that motivates people to take risk. People with high need for achievement behave in an entrepreneurial way. Need for achievement stimulates the behaviour of a person to be an entrepreneur.

The Kakinada Experiment

Assuming need for achievement plays a vital role in promoting economic growth, **Mcclelland** has tried to induce achievement motivation in adult and provide them with an urge to improve their lot because uninduced achievement motivation results in long waiting before it bears fruit. Such an inducement may help break the barrier of "limited aspirations". For this purpose, he conducted experiments with groups of businessmen in America, Mexico and Bombay.

Later he carried out a full-fledged programme in the Kakinada city of Andhra Pradesh. Kakinada is a well-developed distinct town of a population of around one lakh with high literacy and a modest industrial structure.

Objective of the program: to break the barrier of "limited aspirations" by inducing achievement motivation.

The project which began in January 1964 consisted
of recruiting batches of personnel drawn from business and industrial community of this town and putting them through orientation programme at the Small Industry Extension Training (SIET) institute, Hyderabad. 52 persons grouped into three batches participated" in the programme. The training was designed primarily to stimulate the imagination and encourage introspection into personal motivation and community goals. The achievement development course contained four main items :

(i) The individuals strived to attain concrete and frequent feedback.

(ii) The participants sought models of achievement i.e. watched those who have performed well and tried to emulate.

(iii) The participants imagined themselves in need of success and challenge and set carefully planned and realistic work goals.

(iv) The trainees were asked to control day dreaming by thinking and talk to themselves-in positive terms.

After two years those who had taken the course except for one Mexican case performed better than comparable men who did not take the course. The
former made more money, got promoted faster and expanded business faster.

In order to assess need for achievement, McClelland used the Thematic Appreciation Test (TAT) which presents the subject with an ambiguous picture.

Findings

McClelland concluded that-

- those participating in the programme displayed a more active business behaviour (51 per cent as against 25 per cent in the control group) and worked longer hours.

- Caste, traditional beliefs or western ways of life did not determine the mental makeup of a participant.

- The training as was given at Hyderabad is likely to improve those who have a great yearning to do something and have the opportunity to do so in their business framework.

Applications of experiment:

The Kakinada experiment is being utilised in a number of experiment that have recently initiated technical personnel to set up new enterprise of their own.

- In. Gujarat, various State agencies have combined to operate an Entrepreneurship Development Programme to help young people acquire the motivation necessary to become risk-takers. The Gujarat programme has been successful in persuading many persons to set up new enterprises in the small scale sector.
- In Andhra Pradesh, the Small Scale Industrial Development Corporation Ltd. (APSSIDC) has been assisting technically qualified persons to become entrepreneurs through orientation programmes of the SIET Institute. This is followed by specific assistance of providing developed land specially earmarked for such persons at nominal rates in the technocrats industrial estates.
- The Ministry of Industrial Development has recently formulated schemes of helping technical personnel to become entrepreneurs. This programme consists of three months program at selected centres spread all over the country, followed by financial assistance in terms of a subsidy on the interest on advances taken by the entrepreneur from the commercial banks so that the net interest paid by the entrepreneur himself does not exceed five percent.

PRACTICE SHEET

Do Yourself :

1. What is meant by entrepreneurial motivation? Is it necessary for a successful entrepreneur? Discuss.

2. What are the factors that motivate people to go into business?

3. What do you understand by achievement motivation? How can achievement motivation be developed?

4. Write an explanatory note on 'Kakinada Experiment' on achievement motivation.

5. It is said that ambition is the lever of all motives. Why do you agree/ disagree?