

## Motives Driving the Entrepreneurial Thought: An Empirical Study on Micro Entrepreneurs

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### Abstract:

The call for the growth of fruitful entrepreneurial activities is playing a major contribution in the economic development of many countries in the globe including India. Hence this study is a survey designed to examine the psychological, economic and social motives of entrepreneurship. Objective of this research work is to identify the motives behind an individual's choice to be an entrepreneur, study how these motives drive entrepreneurs towards success path. Literature Review included both conceptual and empirical studies published in reputed journals. The study was conducted by collecting responses from 134 micro and small entrepreneurs through a structured questionnaire. The sample of respondents was selected through convenience sampling technique. Motives driving entrepreneurial thought, as mentioned in earlier research studies, were collated to design the structured questionnaire in order to gain better understanding. Various statistical tools were used to find out the significant impact of psychological, social and economic motives on entrepreneurship. The study is limited to the micro entrepreneurs of Kukatpally, Hyderabad city in Telangana state.

**Keywords:** Entrepreneurship, entrepreneurial thought, psychological theory, economic theory, social theory and micro entrepreneurs.

### Introduction:

To start the entrepreneurial activity either in a small or in a larger way he/she has to undergo the transformation of entrepreneurial mindset before choosing it as a career. Enterprises persist to be considered as one among the key areas in order to eliminate poverty, yet choosing entrepreneurial career by any individual is not an easy task. All these reasons could be due to their social, economic or psychological backgrounds. There are several theories of

entrepreneurship introduced by the scholars to depict the motives driving a person to become self-employer.

## **Literature Review:**

Research aims at identifying psychological, social and economic motives drive a person towards entrepreneurial success. It is time to understand from various schools of thought on these areas. Economics, sociology and Psychology motives are important drivers of entrepreneurship research where individuals are considered as the important elements in the research.

Entrepreneurial success items include ability to balance the business life and the personal life, consistent business growth, personal interest and choice, business sustainability, personal involvement, societal recognition and status (Rosemary et al., 2014) Psychological theory of entrepreneurship emphasizes on personality traits such as internal locus of control, proclivity of taking high risk, to be independent and need for Achievement (Virtanen, 1997). So, psychological theory of entrepreneurship pay attention to strong motives, personal traits and individual incentives thriving towards strong need for Achievement believing in their capabilities criticism and will not be easily influenced by the external conditions (Simpeh, 2011). Thus there are still many motives drives a person towards entrepreneurial journey according to the psychological theory of entrepreneurship. But, only few motives including professional and personal life balance, passion towards business, risk and criticism acceptability, strong locus of control, preferring to be independent and considering success as motivation for the study.

Sociological theory of entrepreneurship points towards the environmental context. Social networks for organic social bonding, ethnic identification where social background of a person strive towards success (Reynolds, 1991). A study reveals that MSME sector, particularly Micro sector plays noticeable role on recent initiatives in the marginalizing sections of the society(Vejju, 2018). Thus many motives were identified in sociological theory but few motives including leadership, innovation, manpower management, network, competency, team work and environmental support are considered for the current research.

Economic theory of entrepreneurship highlights the monetary goals of an entrepreneur. Core function of any enterprise is to create unique product or service that serves the motion of market

economy(Simpeh, 2011). A research on rural micro enterprises proves that provision of financial assistance enables the income generation in that location (Vejju and Sridevi, 2020). Certain factors such as funding, knowledge and skills, tradition and culture, family support, society and finding suitable location as the factors effecting development among entrepreneurs (Shariq et al., 2016). Self Help Groups in India provide small amount of loans to the rural women to support their entrepreneurial activities (vejju, 2018).

Fatoki (2018) mentioned success factors as personal satisfaction in business and personal life, wish to do in his life and business, what entrepreneur likes, believes in the growth of business and Achievement of goals set by the entrepreneur and these factors are considered for the success measurement.

**Research gap:** Thus there were extensive literature on various theories of entrepreneurship but there was no literature found in theories or motives driving towards micro entrepreneur's success. Based on the gaps identified in the literature studied paper focuses on the three motives that drive a person towards entrepreneurial career. Those motives are psychological motive, social motive and economic motive.

## **Problem Definition:**

Though many people chose entrepreneurial career, all could not success due to various reasons. Entrepreneurs should have certain strong motives that drives them towards success path. Amongst many motives, three motives are considered for the study namely social, psychological and economic motives. The study is all about the way three motives drive the entrepreneurs towards the success. Thus the impact of the three motives on the success of micro entrepreneurs is studied in the research.

## **Limitations and Scope:**

Data provided by the respondents is considered as honest responses and the provided information is limited to three motives, though there are many motives that drives an entrepreneur towards success path. As few people were not feeling comfortable in providing information, research has to limit only with few respondents. Limited time was also a constraint towards conducting the

full fledged research. Among many categories only Micro entrepreneurs for the research were considered from Kukatpally, Hyderabad, Telangana.

## **Objectives:**

1. To study the demographic profile of respondents
2. To measure the influence of psychological leading towards entrepreneurial success.
3. To measure the influence of social motive leading towards entrepreneurial success.
4. To measure the influence economic motive leading towards entrepreneurial success.

## **Hypothesis:**

H1: There is influence of psychological leading towards entrepreneurial success

H2: There is influence of social motive leading towards entrepreneurial success

H3: There is influence economic motive leading towards entrepreneurial success

## **Research Design:**

1. Sample Area: Kukatpally, Hyderabad, Telangana State.
2. Sample Unit: Micro Entrepreneurs
3. Sample Size: 134
5. Sample Technique: Convenience sampling
6. Sources of Data:
  - i) Primary Data: Structured Questionnaire is used to collect the data from the respondents.
  - ii) Secondary Data: Research Journals and Articles where researches focused on various entrepreneurial motives.

## **Data Analysis**

### **Tools & Techniques used:**

- i) Descriptive statistics and Chi-square Test
- ii) Correlation

## iii) Regression

### Analysis and interpretation:

### Reliability and Validity:

Before the correlation and Regression analysis to be done, reliability and validity of the sample was done. According to the results from the below table 1, Cronbach alpha coefficient for psychological, social and economic motives along with the success factor is 0.804 i.e., greater than 0.7. Thus the reliability of the scale is within the acceptable level.

Reliability Statistics	
Cronbach's Alpha	N of Items
.804	36

Table 1: Result of the reliability and validity test.

### Correlation

		PS Motive	SO Motive	ECO Motive
PS Motive	Pearson Correlation	1	0.863**	PS Motive
	Sig. (2-tailed)		.000	
	N	134	134	
SO Motive	Pearson Correlation	0.863**	1	SO Motive
	Sig. (2-tailed)	.000		
	N	134	134	
ECO Motive	Pearson Correlation	0.675**	0.735**	ECO Motive
	Sig. (2-tailed)	.000	.000	
	N	134	134	
**. Correlation is significant at the 0.01 level (2-tailed).				

Table 2: Showing respondents the correlations result of economic Motive

From the table 3, it is known that there is a significant positive correlation between Psychological Motive and Social Motive where  $p \leq 0.05$  and  $R = 0.863$ . Thus it can be inferred that Psychological Motive of an entrepreneur leads to the social wellbeing of the entrepreneur. There is a positive relation between the Psychological Motive and Economic Motive of the

entrepreneur where  $p \leq 0.05$  and  $R=0.675$ . Thus it can be inferred that Psychological satisfaction of an entrepreneur leads to the economic benefit.

There is a positive relation between Social Motive and Psychological Motive where  $p \leq 0.05$  and  $R=0.863$ . Thus it can be inferred that Social wellbeing leads to the Psychological happiness of an entrepreneur. There is a positive relation between Social Motive and Economic Motive where  $p \leq 0.05$  and  $R=0.735$ . Thus it can be inferred that Social wellbeing leads to the economic benefit of an entrepreneur.

There is a positive relation between Economic Motive and Psychological Motive where  $p \leq 0.05$  and  $R=0.675$ . Thus it can be inferred that Economic satisfaction of an entrepreneur leads to the Psychological satisfaction of the entrepreneur. There is a positive relation between Economic Motive and Social Motive where  $p \leq 0.05$  and  $R=0.735$ . Thus it can be inferred that Economic wellbeing of an entrepreneur leads to the social wellbeing.

## Multiple Regression:

In the current study, all psychological motive related factors are considered as independent variables for the Multiple Regression Analysis. It helps in identifying the performance of independent variables and provides the values for each variable that tells the impact on other variables.

Independent variables Balance family life(X1), Choice & Dream(X2), Risk taker(X3), Donot care criticism(X4), Not influenced by external factors(X5), Prefer independent(X6), Motivated by successful entrepreneurs(X7) and Consider threats as opportunities(X8). Dependent Variable Success Factor is denoted by 'Y'.

**To measure the influence of psychological leading towards entrepreneurial success.**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Statistical Inference	
	B	Std. Error	Beta				F Value
(Constant)	7.096	1.001		7.087	.000	R = .767 R <sup>2</sup> = .588	22.285
X1	1.051	.196	.409	5.374	.000		
X2	-.003	.124	-.001	-.024	.981		
X3	-.034	.112	-.018	-.305	.761		

X4	.880	.325	.273	2.710	.008	Adjusted R <sup>2</sup> =.561	
X5	.161	.316	.060	.508	.612		
X6	-.355	.383	-.140	-.929	.355		
X7	.748	.240	.323	3.111	.002		
X8	-.044	.341	-.018	-.128	.898		

**Table 3: Influence of psychological leading towards entrepreneurial success**

Above table 4 is depicting that success factor has 76.7% effect on independent variable called Psychological motive. The value of R<sup>2</sup> being 58.8% and Adjusted R<sup>2</sup> value as 0.561% also explains the effect of Psychological motive (independent variable) is high on the success factor (dependent variable). F value being 22.285 is significant at 1% and denotes model as fit.

Above table clearly tells that three elements of psychological motive: Balance family life, do not care criticism and motivated by successful entrepreneurs are impacting to the major extent on entrepreneurs' success. Among those three elements Balance family life is influencing more as the  $\beta$  value is higher than the other two elements.

In the table, X1 is most influencing factor with highest  $\beta$  value .409 with  $p < .01$ . X1(  $\beta$ =.409,  $p < .01$ ), X4( $\beta$ =.273, $p < .01$ ) and X7( $\beta$ =.323, $p < .01$ ) have significant impact on dependent variable.

$$Y = 7.096 + 1.051(X1) - 0.03(X2) - 0.034(X3) + 0.880(X4) + 0.161(X5) - 0.355(X6) + 0.748(X7) - 0.044(X8)$$

Hence Null Hypothesis is rejected.

**To measure the influence of social motive leading towards entrepreneurial success.**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Statistical Inference	
	B	Std. Error	Beta				F Value
(Constant)	6.866	1.266		5.423	.000	R =.753 R <sup>2</sup> = .567 Adjusted	18.044
X1	.894	.186	.348	4.818	.000		
X2	-.042	.126	-.020	-.330	.742		
X3	.035	.115	.018	.302	.763		
X4	.662	.308	.206	2.151	.033		

X5	.021	.289	.008	.072	.943	R <sup>2</sup> =.536	
X6	.332	.295	.131	1.123	.264		
X7	.610	.240	.249	2.538	.012		
X8	-.039	.277	-.016	-.141	.888		
X9	-.015	.156	-.006	-.095	.924		

**Table 4: Influence of social motive leading towards entrepreneurial success**

In the current study, all Social motive related factors are considered as independent variables for the Multiple Regression Analysis. It helps in identifying the performance of independent variables and provides the values for each variable that tells the impact on other variables.

Independent variables Environment favor entrepreneurs (X1), Leadership Qualities (X2), Unique product or service (X3), Ability to source people with required skills (X4), Attend entrepreneurship programmes (X5), Entrepreneurs accepted by the society (X6), Strong network(X7), Talent with me, (X8) and Team is strength (X9). Dependent Variable Success Factor is denoted by 'Y'.

Above table is depicting that success factor has 75.3% effect on independent variable called Psychological motive. The value of R<sup>2</sup> being 56.7% and Adjusted R<sup>2</sup> value as .536 also explains the effect of social factor (independent variable) is high on the success factor (dependent variable). F value being 18.044 is significant at 1% and denotes model as fit.

Above table clearly tells that one element of social motive: Environment favor entrepreneurs is impacting to the major extent on entrepreneurs' success

In the table, X1 is most influencing factor with highest  $\beta$  value .348 with  $p < .01$ . Thus X1( $\beta = .348$ ,  $p < .01$ ) has significant impact on dependent variable.

$$Y = 6.866 + .894(X1) - 0.42(X2) + 0.035(X3) + 0.662(X4) + 0.021(X5) + 0.332(X6) + 0.610(X7) - 0.039(X8) - 0.015(X9)$$

Hence Null Hypothesis is rejected.



To measure the influence economic motive leading towards entrepreneurial success.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Statistical Inference	
	B	Std. Error	Beta				F Value
(Constant)	5.444	1.713		3.178	.002	R =.738 R <sup>2</sup> = .545 Adjusted R <sup>2</sup> =.504	13.278
X1	.888	.198	.333	4.488	.000		
X2	-.059	.134	-.028	-.443	.659		
X3	.076	.119	.040	.635	.527		
X4	.628	.279	.195	2.251	.026		
X5	.116	.284	.040	.407	.685		
X6	.215	.302	.085	.712	.478		
X7	.583	.232	.238	2.508	.013		
X8	.060	.238	.025	.254	.800		
X9	.061	.161	.024	.380	.704		
X10	.044	.162	.017	.271	.787		
X11	.167	.192	.055	.872	.385		

**Table 5: Influence economic motive leading towards entrepreneurial success**

In the current study, all Economicmotive related factors are considered as independent variables for the Multiple Regression Analysis. It helps in identifying the performance of independent variables and provides the values for each variable that tells the impact on other variables.

Independent variables Pre-empt market needs (X1), My business address unmet needs (X2), Competition is not intense (X3), Access resources (X4), Solve business problem by myself (X5), No problem of funding (X6), Plan meticulously (X7), Manage flow of funds, (X8), Aware of govt. subsidies (X9) and Govt. policies favor entrepreneurs (X10). Dependent Variable Success Factor is denoted by 'Y'.

Above table is depicting that success factor has 73.8% effect on independent variable called Economic motive. The value of R<sup>2</sup> being 54.5% and Adjusted R<sup>2</sup> value as .504 also explains the effect of economic motive (independent variable) is high on the success factor (dependent variable). F value being 13.278 is significant at 1% and denotes model as fit.

Above table clearly tells that one element of economic motive: Pre-empt market needs is impacting to the major extent on entrepreneurs' success.

In the table, X1 is most influencing factor with highest  $\beta$  value .333 with  $p < .01$ . Thus X1 ( $\beta = .333$ ,  $p < .01$ ) has significant impact on dependent variable.

$$Y = 5.444 + .888(X1) - 0.059(X2) + 0.076(X3) + 0.628(X4) + 0.116(X5) + 0.215(X6) + 0.583(X7) + 0.060(X8) + 0.061(X9) + 0.167(X10)$$

Hence Null Hypothesis is rejected.

## Discussions and conclusion:

Psychological motive of the entrepreneur is all about they are confident in converting threats as opportunities, but they are less motivated from the journey of successful entrepreneurs. Entrepreneurs should always take the best practices from the successful businesses and implement the same where ever it is applicable. This may give a positive result in their career. Social motive of an entrepreneur says that they possess leadership qualities to lead their team and have a smooth journey in their career, but always have less acceptance from the society. Entrepreneurs should be strongly self-motivated towards attracting the customers with their offerings that will in turn leads towards societal acceptance as well. The above analysis was also focused towards the relation between The above analysis was also focused towards the relation between three motives of entrepreneurship. Each motive is positively correlated with the other two motives which indicates the importance in the entrepreneurial success. Thus it can be concluded that all the three motives i.e., psychological, social and economic motive plays vital role in the success of an entrepreneur. Thus entrepreneurs should be psychologically strong with adequate economic stability and should help the society with their products and services so as to gain societal acceptance and bring social harmony.

## Implications and Recommendations:

Objective of the current study is empirically examining the motives that drive towards the success of an entrepreneur. The study is made in enhancing the success rate among the micro entrepreneurs. To do so three motives were identified and were studied the relation of each

motive towards the micro entrepreneurs' success. The study then carried in identifying different factors in each motive and how they will have an impact on the success. The study then proceeded with finding the relation with each other and was succeeded in the research that each motive is positively related with the other two motives. Thus if an entrepreneur or any prospective entrepreneur is aiming at success in their entrepreneurial journey has to be psychologically strong that defines their self-confidence and self-motivation towards the business. At the same time adequate economic resources are required for running the business in a smoother way. Any business can be in a successful way it is aiming towards the social well-being. So entrepreneurs or the entrepreneur aspirants should consider the importance and role played by the three motives in the success. These are not only apt for the micro entrepreneurs, but also for the small, medium and large business owners.

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