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## ENTREPRENEURIAL MOTIVATION (MOTIVATIONS FOR BECOMING AN ENTREPRENEUR—MISCONCEPTIONS AND MYTHS ABOUT ENTREPRENEURSHIP— ENTREPRENEURSHIP AS A CAREER OPTION)

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'Motivation' has been derived from the word 'motive' the meaning of the same is "to move". That means to move from present situation to better situation. Motive is an inner state of our mind that activates and directs our behaviour towards our goals. Motives are expressions of one's goals or needs. In other words, motives are the ways of behaviour. Motives give direction to human behaviour. Motivation is the willingness to do something, and is conditioned by this action's ability to satisfy some need for the individual.

Motivation is the process that motivates a person into action and induces him to continue the course of action till the achievement of goals.

### DEFINITION

According to *Dalton E. McFarland*, "Motivation refers to the way in which urges, drives, desires, striving, aspirations or needs direct, control or explain the behaviour of human being."

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Since motivation is an ongoing process, human needs/goals are never completely satisfied.

The three key elements in the above definitions are needs, drives and goals. Needs set up drives aimed at goals; this is the basic process of motivation. Figure 1 depicts the motivation process.

Need is the origin of any motivated behavior. Need is a felt deprivation of physiological or psychological well-being. Needs exist in each individual in varying degrees. When an individual recognizes a need, he is driven by a desire to fulfill the need. Drives are directed at fulfillment of needs. Drives are action-oriented and provide an energizing thrust toward reaching a goal. Incentives or goals are the instruments used to induce people to follow a desired course of action.



Once the goal is attained, the physiological or psychological balance is restored and the drive is cut off.

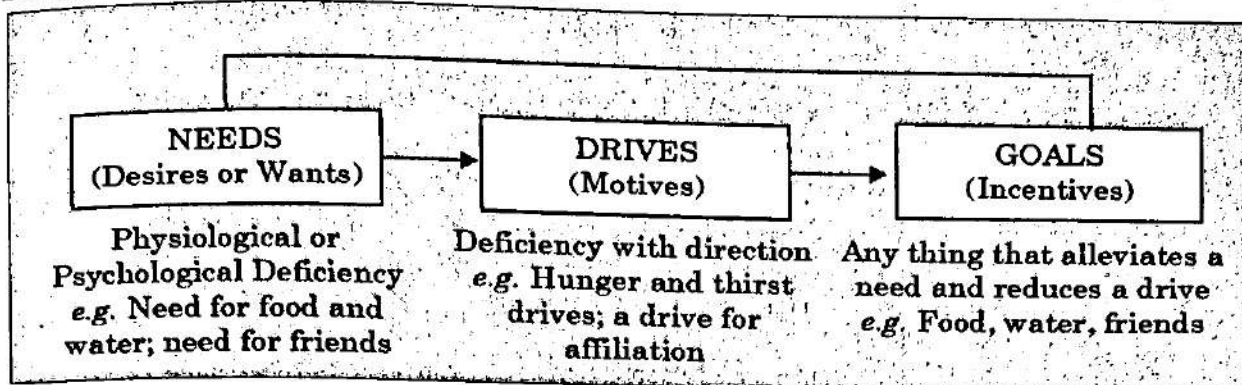


Fig. 1

The common man thinks that people go for business to earn money, but it is not always true.

### ENTREPRENEURIAL MOTIVATION

Traditionally, reason for starting a firm [the entrepreneurial goal] have been considered to be economic [Schumpeter 1934]. In the 19th century, Jean Bertrand Say defined the entrepreneur as a person who does something for economic gain, and that notion has persisted since recent insights that there may be other motivate for a person to create a venture have emerged in the area of social entrepreneurship. Here, the social gains are the primary motivators.

The motivational factors combined with individual skills, knowledge and vision give rise to entrepreneurial activity. McClelland is regarded as the father of the study of entrepreneurial motivation; he argued that entrepreneurs are motivated by three types of needs as stated below :

1. Need for achievement
2. Need for power
3. Need for affiliation.

### MOTIVATIONAL FACTORS OF ENTREPRENEURS

#### 1. Risk taking ability

According to McClelland risk-taking ability of individual is very crucial as the entrepreneurial process involves taking risk and facing uncertainties. Atkinson in 1957 argued that individuals with higher achievement motivation prefer to engage in activities to intermediate risk because these activates involve challenging goals yet attainable. Recent evaluate study shows that entrepreneurs have a higher inclination to risk than the members of general population, but those entrepreneurs do not perceive their actions as risky. It is combined with efficacy.



## **2. Tolerance of ambiguity**

This factor that motivates one to become entrepreneur. The trait tolerance for ambiguity serve added unpredictable nature is motivating factor for entrepreneur Bunder in 1982 states it is attractive rather than threatening. It is indispensable character.

## **3. Locus of control**

It is based on the belief of individual on their actions or personal characterizes. It is external and internal. The external people belief that outcome of the event is out of their control. The internal people believe their personal action directly affect the outcome of the event. Mr. Rotter 1996 who asserted that individual with an internal locus of control are more likely to seek entrepreneurial roles as they believe in their action and feel that they can control outcome of the event.

## **4. Self-efficiency**

An individual with high self-efficacy is likely to exert more efforts for longer time, persist through setbacks, set and accept higher goals, and make better plans and strategies to accomplish the task. This leads to persistence, planning and positive attitude. They are fit for entrepreneurial activity.

## **5. Goal setting**

The people set goals in their area like financial performance, growth and innovation. In this process corresponding quantities goals helps growth of any enterprise. This is a crucial characteristics.

## **6. Independence**

This is the base for any entrepreneur. He wants to be the of his own density. They believe in their own judgment and thrust for independence necessitates entrepreneurial activity.

## **7. Egoistic passions**

It is the prime factor passionate, self love for work, with greater dreams is the central theme of entrepreneurs. Mr. Shane states ego incites individual to establish an entrepreneur and make it profitable. Also it makes them to do something that is of their interest. It had direct effect on enterprises growth.

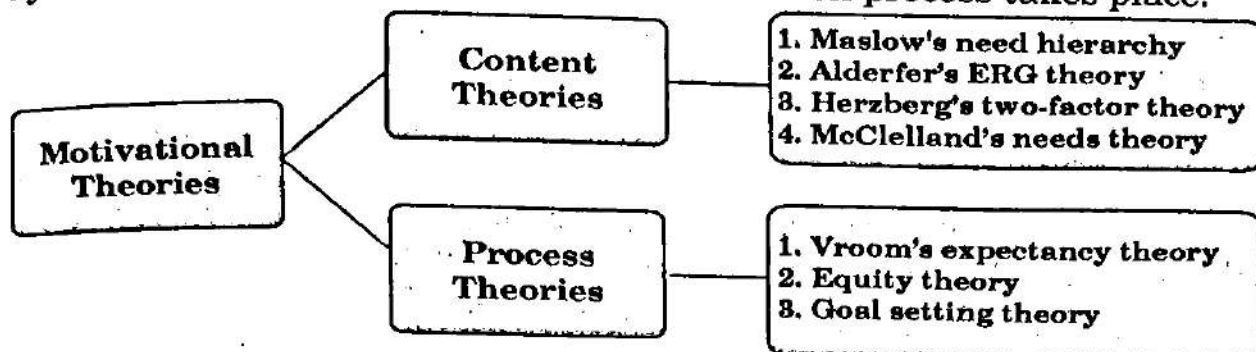
# **THEORIES OF MOTIVATION**

Motivation theories can be classified into two categories—content or need theories, and process theories. Motivation theories based on needs determine the motives that drive individual behavior. Need theories contend that the way we behave is entirely dependent on the internal needs which we attempt to fulfill. Need theories specify precisely what motivates an individual. Thus, they specify the content of the needs of an individual.

These theories are therefore also called content theories of motivation. Several other theories are concerned with the mechanics of motivation. These theories are referred to as process theories of



motivation. While content theories focus on factors within the individual that lead to motivation, the process theories focus on the dynamics of motivation and how the motivation process takes place.



### MASLOW'S NEED HIERARCHY THEORY

This postulated a hierarchy of needs that progresses from the lowest, subsistence-level needs to the highest level of self-awareness and actualization (Maslow, 1943). Once each level has been met, the theory is that an individual will be motivated by and strive to progress to satisfy the next higher level of need. The five levels in Maslow's hierarchy are shown in the diagram below :

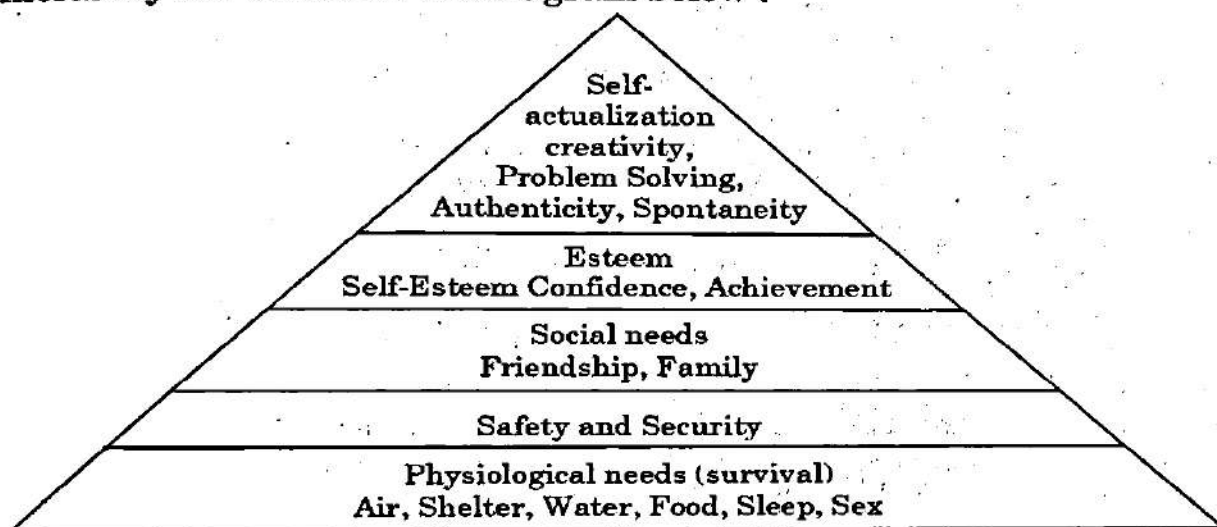


Fig. 2

Numerous theories have been developed by behavioral scientists about how managements can motivate employees. These theories assist managers in understanding why an individual chooses to work, why he may continue to work for a firm for a considerable amount of time, and how to boost the morale of a worker and motivate him to produce at his or her highest possible level. Thus, motivation theories are important for managers who want to be effective leaders.

#### Physiological needs

Physiological needs are the basic needs for food, clothing and shelter. An organization helps in satisfying the physiological needs of its employees by offering them adequate wages. According to Maslow's



theory, until these needs are satisfied to the degree necessary to maintain life, other needs will not motivate an individual. Further, once these basic needs are satisfied, they no longer motivate the individual.

#### **Safety and security needs**

Once the physiological needs of an individual are met, the individual aims to satisfy his safety and security needs. These needs include the need to be free from the fear of physical, psychological or financial harm. Once the individual feels reasonably safe and secure, he/she turns his/her attention to developing relationships with others.

#### **Social needs**

Social needs are also called belongingness needs or need for love. They involve the desire to affiliate with and be accepted by others. Managers can satisfy this need of employees by allowing social interaction between them by means of appropriate office layout, coffee breaks, and by providing them lunch and recreational facilities.

#### **Esteem needs**

This level represents the higher needs of humans. They include the desire to have a positive self-image and obtain respect and recognition from others. An organization may appreciate an employee's performance by rewarding him with a pay hike, a promotion, a well-furnished office, a car, a personal assistant and other benefits such as stock options, club memberships, etc. Such measures on the part of an organization help to satisfy the esteem needs of its employees.

#### **Self-actualization needs**

These comprise the highest level needs in Maslow's needs hierarchy theory. Self-actualization needs are an individual's need to realize his full potential through continuous growth and self-development. Here, the individual is concerned with matters such as the freedom to express his creativity and translate innovative ideas into reality, pursue knowledge and develop his talents in uncharted directions. Most management experts feel that employees' need for self-actualization can be satisfied by allowing them to participate in decision-making and giving them the power to shape their jobs.

Some work-related means of fulfilling the various needs in the hierarchy are shown in Figure 2. This theory suggests that the importance of lower order needs (physiological, safety and security, and social needs) declines as an individual progresses through the needs hierarchy. An individual joins a job to satisfy his basic physiological needs for food, clothing and shelter. Once these needs are fulfilled, he seeks job security to fulfill his safety needs. He may join a social organization or a club to satisfy his social needs. Once social needs are satisfied, fulfilling higher levels of needs – esteem and self-actualization – becomes his goal.



### **LIMITATIONS TO MASLOW'S THEORY**

A number of research studies have been conducted on the needs hierarchy theory in organizations. The studies revealed that human needs do not always emerge in a hierarchical manner. The reversal of Maslow's hierarchy can be seen from an example of a starving artist who attempts to fulfill his self-actualization needs despite his physiological and security needs not being fulfilled. Similarly, Maslow's theory does not explain how a person prioritizes the needs at a particular level of hierarchy. For example, a person may experience more than one physiological need such as hunger, thirst and shelter. Maslow's theory does not explain which of these needs he will fulfill first.

### **ALDERFER'S ERG THEORY**

Clayton Alderfer modified Maslow's Need Hierarchy to align it more closely with empirical research. Alderfer's theory is called the ERG theory - Existence, Relatedness, and Growth.

Existence refers to people's concern with basic material existence requirements; what is called physiological and safety needs according to Maslow. Relatedness is the desire for maintaining interpersonal relationships; similar to Maslow's social/love need, and the external component of his esteem needs. Growth is an intrinsic desire for personal development which is the intrinsic component of Maslow's esteem need, and self-actualization.

**The advantages of this theory include**

- All three needs have valid and reliable measures for both the levels of desire and satisfaction.
- Scholars and practitioners all agree that the fulfillment of human needs has an important role in human motivation.

**The disadvantages include**

- It only tends to approach a set of experimental generalities.
- The theory is difficult to test with our current tools and research methods.
- Doesn't provide a motivational value for each motivator them satisfaction.

### **HERZBERG'S TWO-FACTOR THEORY**

In the late 1950s, Herzberg and his associates conducted a study involving two hundred engineers and accountants to find out the extent of their satisfaction or dissatisfaction with their jobs. The respondents in the study were asked to recall instances when they were particularly satisfied with their work and instances when they were particularly dissatisfied with their work. Based on the findings of the study he classified the motivating factors into two these include; hygiene factors and, motivation factors. These hygiene factors mean that basic needs do not give motivation but merely create a conducive working environment. There would be no dissatisfaction among



workers when basic needs are fulfilled, but it does not motivate them or give them satisfaction; it merely removes dissatisfaction. The motivation factors are the top two needs in the hierarchy that is esteem and self-actualization. These needs, when fulfilled, would give employees satisfaction. Before satisfaction can actually be achieved, there must not be any element of dissatisfaction.

#### Advantages

- Herzberg's Theory can be applied by managers to motivate employees by identifying the hygiene factors removing any element of dissatisfaction.
- It makes employees motivated by fulfilling their esteem and self-actualization needs.
- This theory enables managers to work on basic needs, once identified, and then go to more complex needs of employees.

#### Disadvantages

- There are no standardized scales of satisfaction for job factors of which cause satisfaction and dissatisfaction. This may have caused errors in his findings.
- Herzberg failed to recognize the existence of substantial individual differences.

#### Comparison of Maslow's and Herzberg's Theories of Motivation

<i>Maslow's Hierarchy of Needs</i>	<i>Herzberg's Two-Factor Theory</i>
Self-actualization needs	Motivators : <ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Challenging Work</li> <li>• Recognition</li> <li>• Achievement</li> </ul>
Esteem needs	
Social needs	Maintenance Factors : <ul style="list-style-type: none"> <li>• Job security</li> <li>• Good pay</li> <li>• Working conditions</li> <li>• Type of Supervision</li> <li>• Interpersonal relations</li> </ul>
Safety and security needs	
Physiological needs	

#### McCLELLAND'S NEEDS THEORY

David C. McClelland has contributed to the theories of motivation by highlighting the importance of three basic needs to understand motivation. They are achievement needs, affiliation needs, and power needs. McClelland's initial work centered on the need for achievement.

##### Need for achievement

Achievement-motivated people thrive on pursuing and attaining goals. People with a high need for achievement have an intense desire for success. They typically seek competitive situations in which they can achieve results through their own efforts and which allow them to obtain immediate feedback on how they are doing. They take a realistic approach to risk. People with high need for achievement are



characterized by restlessness and willingness to work long hours. Individuals with high need for achievement can be a valuable source of creativity and innovative ideas in organizations. Supervisors who want to motivate achievement-oriented employees need to set challenging, but reachable goals and provide immediate feedback about their performance.

#### **Need for affiliation**

Need for affiliation refers to the desire to maintain warm, friendly relationships with others. Affiliation-motivated people are usually friendly and like to socialize with others. They suffer pain when they are rejected. They usually exhibit the following characteristics :

- (i) They strive to maintain pleasant social relationships.
- (ii) They enjoy a sense of intimacy and understanding.
- (iii) They are ready to console and help others in trouble.
- (iv) They love to engage in friendly interaction with others.

To motivate individuals with a high need for affiliation, managers should provide them with a congenial and supportive work environment in which they can meet both corporate goals and their high affiliation needs by working with others. In situations that require a high level of cooperation with and support of others, including clients and customers, individuals with a high need for affiliation prove to be assets for an organization.

#### **Need for power**

The need for power refers to the desire to be influential and to have an impact on a group. Power-motivated individuals see almost every situation as an opportunity to seize control or dominate others. They are willing to assert themselves when a decision needs to be made. The power motive has significant implications for organizational leadership and for the informal political aspects of organizations.

The need for power is manifested in two forms : personal and institutional. People with high need for personal power try to dominate others by demonstrating their ability to wield power. They often run into difficulties as managers because they attempt to use the efforts of others for their own benefits. In contrast, individuals with a high need for institutional power focus on working along with others to solve problems and achieve organizational goals. McClelland's work suggests that individuals with a high need for institutional power become the best managers, because they are able to coordinate the efforts of others to achieve long-term organizational goals.

Thus, it is suggested that the need profile of successful managers, at least in a competitive environment, consists of :

- (1) a moderate to high need for institutional power,
- (2) a moderate need for achievement (this motivates individuals to contribute towards attainment of organizational goals early in their career and drive the organization to develop a competitive edge as they progress towards higher levels) and



(3) at least a minimum need for affiliation (this contributes to maintenance of pleasant social relationships in organizations).

According to McClelland, individuals without the appropriate need profile can increase their needs through training. While this may be true for the need of achievement and the need for institutional power, it may be difficult to develop the need for affiliation through training.

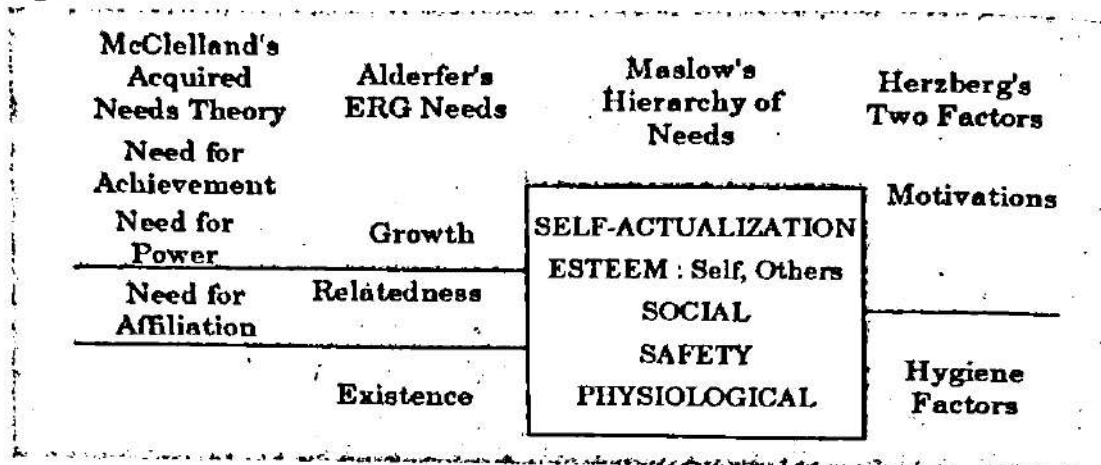


Fig. 3 Comparison of different need theories Figure

### VROOM'S EXPECTANCY THEORY

The expectancy theory of motivation was originally proposed by Victor H. Vroom. He contends that before putting in the effort to perform at a given level, individuals consider the following three issues :

- What is the probability that the performance will be up to the required level?
- What is the probability that the performance will lead to the desired outcomes?
- What is the value assigned by the individual to the potential outcomes?

The components of expectancy theory are

#### Valence

Valence is the motivational component that refers to the preference of an individual for a particular outcome. In simple words, it signifies 'how much reward one wants.' The valence component helps an individual assess the anticipated value of various outcomes. If the possible reward or outcome of the work is of interest to the individual performing it, the valence component will be high. However, it is likely that the value of possible negative outcomes (loss of leisure time, disruption of family life, etc.) may offset the value of rewards in a given situation. The valence is set in the range of +1, through 0, to -1. When an individual has a strong desire for the outcome, the valence is positive. On the other hand, if the individual wishes to avoid the outcome, the valence is negative. However, if an individual is indifferent to the outcome, the valence is zero.



**Expectancy**

Expectancy is the probability that certain efforts will lead to the required performance. In other words, expectancy is the probability (ranging from 0 to 1) that a particular action or effort will lead to a particular outcome. For an individual to exert efforts towards a goal, he must see a non-zero probability of effort leading to that goal. In other words, all individuals will be motivated to reach their goal only when they see some connection between their effort and performance.

**Instrumentality**

This refers to the probability that successful performance will lead to certain outcomes. The major outcomes we consider are the potential rewards such as incentives or bonuses, or a good feeling of accomplishment. Like effort-performance-expectancy, performance-outcome-instrumentality can range in magnitude from 0 to 1.

**Advantages of the Expectancy Theory include**

- It is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction.
- This theory stresses upon the expectations and perception; what is real and actual is immaterial.
- It emphasizes on rewards or pay-offs.
- It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain.

**Limitations of the Expectancy Theory include;**

- The expectancy theory seems to be idealistic because quite a few individuals perceive high degree correlation between performance and rewards.
- The application of this theory is limited as reward is not directly correlated with performance in many organizations.

**EQUITY THEORY**

J. Stacy Adams is the proponent of the equity (or inequity) theory. His theory of motivation focuses on people's sense of fairness or justice. The equity theory refers to the subjective judgment of an individual about the fairness of his reward, relative to the inputs (which include many factors such as effort, experience, education, etc.), in comparison with the rewards of others. The essential aspects of the equity theory may be shown in an equation as follows :

Inequity occurs when

Person's outcomes	<	Other's outcomes
Person's inputs		Other's inputs
Person's outcomes	>	Other's outcomes
Person's inputs		Other's inputs



The inputs individuals consider in assessing the ratio of their inputs and outcomes, relative to those of others, may cover a broad range of variables including educational background, skills, experience, hours worked and performance results. Outcomes can be pay, bonuses, appreciation, amount of responsibility and type of work assignments, and status symbols like parking places, job titles, office space, furniture, etc. When individuals feel that their rewards are not in accordance with their inputs, they may be dissatisfied, reduce the quantity or quality of output, or resign the organization. When people perceive that they have been equitably rewarded (output is equal to input), they will probably contribute the same level of production output. When people perceive the rewards are being more than equitable, they work harder. Fig 4 illustrates these three situations.

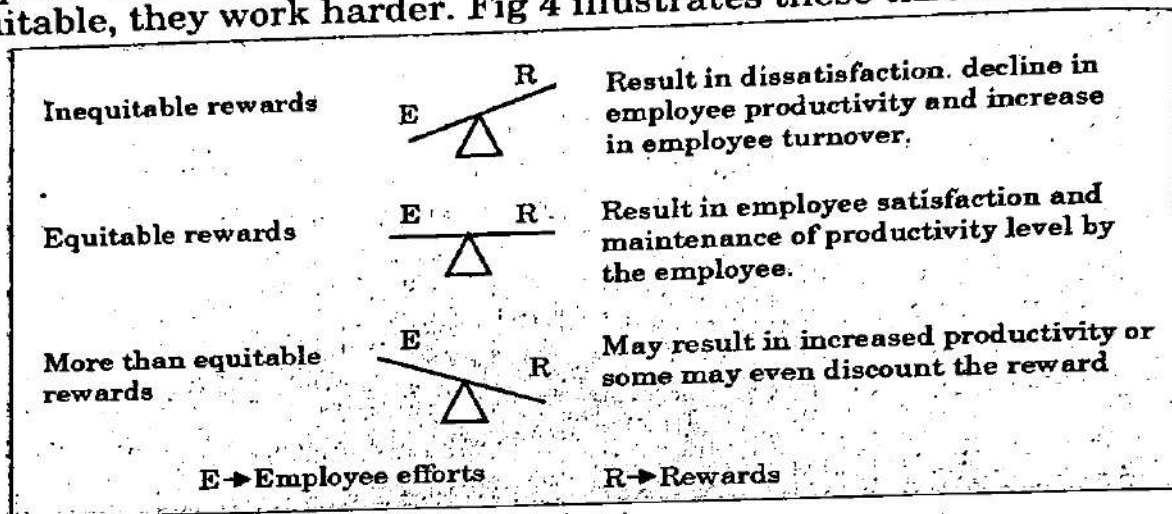


Fig. 4

### GOAL SETTING THEORY

This was Proposed by psychologist Edwin Lock and suggests that the natural human inclination to set and strive for goals is useful only if the individual both understands and accept a particular goal. Workers will not be motivated if they do not know that they do not possess the skill needed to achieve the goal. Individuals are motivated when they behave in ways that move them to certain clear goals that they can accept and reasonably expect to attain.

The theory defines four Phases of a Person's Reasoning which include; Establishment of a standard to be attained, Evaluation of whether the standard can be achieved, Evaluation of whether the standard matches personal goals, and acceptance of the standard and setting of the goal.

**The advantages of the theory are**

- Sets a Course; the goal-setting theory is based on the notion that a goal establishes a purpose or path for a person or group.
- Establishes Commitment.
- Drives planning and Feedback Goals create the impetus for strategic planning and task assignments.



**Disadvantages of Goal Setting Theory include**

- When two separate goals are set at the same time, exerting too much focus on one may make it difficult to achieve the other.
- A tunnel vision. This is when employees focus so intently on their goals that they will ignore other aspects of their job.

**ACHIEVEMENT MOTIVATION**

Out of the various factors that motivate entrepreneurs to enter into the business, achievement motivation plays the most important role. Achievement motivation is an inner spirit that activates an entrepreneur to strive for success. It is a desire to do well. The importance of the achievement motivation is evidenced by empirical studies conducted by several scholars.

**Kakinada Experiment**

*David Mc. Clelland*, a well known behaviour scientist of U.S.A. suggested that achievement motivation can be developed through training and experience. He commenced his experiment in January 1964. In India, he conducted a comprehensive training programme in 'Kakinada', an industrial town in Andhra Pradesh, to instil achievement motivation in the minds of entrepreneurs. This experiment, popularly known as "Kakinada Experiment", was a great success.

This experiment was conducted to break the barrier of limited aspirations by inducing achievement motivation. Fifty two persons were selected from the business and industrial sectors in the town of Kakinada. They were given an orientation programme at the Small Industry Extension Training Institute (SIET), Hyderabad. The participants were grouped into three batches.

The aim of the training programme was to help the entrepreneurial trainees to improve their aspirations and imaginations.

The participants were under careful observation for a period of two years after that assessment was made on their behaviour. The result of the assessment was encouraging. It was revealed that those attended the training programme performed better than those who did not. The achievement motivation instilled in the minds of the participants was assessed by using Thematic Appreciation Test (TAT). During this test ambition related pictures were shown to the trainees and they were asked to interpret the picture. Then, all the themes related to achievement motivation were counted and the final score represented one's need for achievement. Thus, McClelland came to the conclusion that the training programme positively influenced the trainees and enhanced their achievement motivation.

The development programmes pertaining to entrepreneurship should be started from a very young age. So, the governments of the developing countries take particular care now to include entrepreneurial development in the school curriculum. This is because the younger minds are more susceptible to change and it is easier to develop achievement motivation in their minds.