

# Motivation and its Effects on Entrepreneurial Behavior of Entrepreneurs at MSME Puducherry.

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## ABSTRACT

*The study examined the effect Motivation and its Effects on Entrepreneurial Behavior of Entrepreneurs at MSME Puducherry. The target population was 6410 MSME were registered in Puducherry District Industrial Center only taken. A sample size comprising 50 entrepreneurs were selected for the study. Simple random sampling techniques used to select the respondents. The instruments used for data collection were questionnaire and oral interview. A total of 50 copies of the questionnaire were retrieved and analyzed. Analysis of Variance, Correlation Statistical tool was used to test the hypotheses. The questions were closed ended on a five point Likert scale with the help of Scientific Packages for Social Scientists (SPSS). The findings revealed that the findings showed there was a motivation factor significantly enhances entrepreneurial behavior variable and correlation analysis the findings show that there is positive interrelation between the entrepreneurial behavior variable among the entrepreneurs in MSMEs at Puducherry.. Based on these findings we concluded that motivation significantly affects entrepreneurial behavior variable (Network development, Perseverance, Decision making and Knowledgebility) within the MSME Puducherry.*

**Keywords:** MSME, Motivation, Entrepreneurial Behavior, Network development, Perseverance, Decision making and Knowledgebility.

## INTRODUCTION

The Micro, Small and Medium Enterprises (MSME) area has risen as a profoundly lively and dynamic division of the Indian economy in the course of the most recent five decades. It contributes fundamentally in the financial and social improvement of the nation by cultivating business and producing biggest work openings at nearly bring down capital expense, next just to agribusiness. MSMEs are integral to vast ventures as subordinate units and this segment contributes altogether in the comprehensive mechanical advancement of the country. The MSMEs are broadening their space crosswise over areas of the economy, delivering assorted scope of items and administrations to meet requests of residential and in addition worldwide markets.

In the present era, it is being understood that entrepreneurship contributes to advancement of a nation in a few different ways, vize. Assembling and harnessing the different inputs, bearing the risks, enhancing and imitating the procedures to reduce the cost, expense and increment its quality and amount, growing the horizons of the market, and planning and dealing with managing the service and manufacturing unit at different levels. In fact, the rapid economic improvement of a nation crucially depends upon the number of capacities of business people. In this specific circumstance, entrepreneur is one of the most vital roles to contributions for improvement of enterprise for undertaking which may prove phenomenal for economic advancement of enterprise community.

As a term entrepreneur was initially presented and distinguished by French scientist Cantillon early in eighteenth century and the articulation was made under the state of division of the general public into two classes; fixed income wage earners and non-fixed income waged earners. Be that as it may, entrepreneur that is understood in modern times was mainly credited by Schumpeter. Schumpeter (1928) portrayed an entrepreneur as making new options conceivable or a maker who make the known or obscure with the better approaches for doing it. Another description of entrepreneur is recognized by Kuratko (2008) who addressed the entrepreneurs who predict and catch the chances and convert them into marketable designs and inventive thoughts In addition to the former classifications, Drucker (1986 paved the new way for understanding of the concept by adding the dynamics of consistently changing uncertain environment and making new value by gathering resources under the vagueness. In this specific circumstance, entrepreneurs are the individuals who anticipate future occasions, adjust the modifications and at last but not least creating value from the difference in occasions.

**REVIEW OF LITERATURES**

Leonidas A. Zampetakis et al.,(2006). Entrepreneurial behavior in the Greek public sector based on questionnaire was administered to a random sample of 237 public servants working at prefecture level, which is the second level of government in Greece. As a results reported here reveal that a positive correlation exists between an employee's entrepreneurial behaviour and the supportive context as expressed by access to managerial information and encouragement of initiatives. Moreover, it is more likely that department heads possess higher levels of entrepreneurial behaviour than those who are not department heads while older employees do not score differently on the scale than the "newcomers" in the public sector.

K. Gowrishankar (2008). Examine the Insights into Entrepreneurial Behavior in Indian Firms based on primary data collected through a structured questionnaire administered to both manufacturing and service sectors in India. The sampling frame chosen for this study are the firms listed under "A" and "B1" categories of the Bombay Stock Exchange (BSE). Online questionnaire was created and individual emails sent to the addresses obtained from the CMIE database under both the above categories. In the final count, responses from 85 firms (response rate of 42.5%) were received and used for the analysis. The survey was carried out between January 2007 and March 2007. It is verified that there is no statistical significant difference in responses between the manufacturing and service sectors. This study looks at the determinants of entrepreneurial behavior in Indian firms. It identifies six factors that indicate entrepreneurial orientation autonomy, risk taking propensity, competitive aggressiveness, proactive behavior, innovativeness, and societal concerns. Based on these factors, a conceptual model for entrepreneurial behavior is proposed. It is found that the financial performance of these Indian firms shows an increasing trend.

Theresa L.M. Lau et al.,(2011). The Entrepreneurial Behaviour Inventory instrument for measuring the entrepreneurial behaviors of corporate managers were interviewed and discussions with business owners and company managers, 40 incidents were written to describe ten of the most commonly identified entrepreneurial attributes to examine the dimensionality of the EBI via principal component. The response options were developed using behaviourally anchored rating scales and were validated. Through an integrated series of studies, the authors identified a reliable and valid four-factor structure of the EBI. The dimensions are innovativeness, risk taking, change orientation, and opportunism.

Kimberly A. Eddleston et al.,(2012). Examined the exploring the entrepreneurial behavior of family firms: does the stewardship perspective explain differences. The sample obtained a mailing list of 1,250 privately held family firms affiliated with a family business center at a major university in Switzerland. Two hundred nineteen surveys representing 179 distinct firms were returned, resulting in a 14.3% response rate. This response rate can be considered satisfactory and comparable with other studies of family firms or survey-based data. The results demonstrate that a stewardship perspective, for the most part, differentiates entrepreneurial family firms. Corporate entrepreneurship was found to be highest in family firms that supported comprehensive strategic decision making and a long-term orientation.

M. Hashimoto et al., (2014). Examine the Inhibition and Encouragement of Entrepreneurial Behavior: Antecedents Analysis from Managers' Perspectives. Qualitative study whose data were collected in interviews carried out with 15 executives from different businesses in Brazil. Empirically analyze the factors that inhibit or encourage entrepreneurial behaviour. The results of this study suggest that the ten categories discussed with the respondents demand a specific managerial behavior according to the employee profile, whether the employee has a tendency for induced or autonomous entrepreneurial behavior and, notwithstanding disseminated culture, managers are the biggest influence on entrepreneurial behavior within the organization.

Jeroen P.J. de Jong et al.,(2015). Examined the entrepreneurial behavior in organizations: does job design matter how organizational factors influence individual entrepreneurial behavior at work, by investigating the role of job design variables. Multiple sources at the time, the company employed 271 people divided over six business unit's survey data of 179 workers in a Dutch research and consultancy organization. Result shows that innovation, proactivity, and risk-taking items were significantly related entrepreneurial behavior.

Vishal Raina et al., (2016). Examine the Entrepreneurial Behaviour of Dairy Farmers. This study was conducted in Jammu district of Jammu and Kashmir state during 2014-15 to know socio-economic and psychological characteristics of the dairy farmers and their relationship with entrepreneurial behaviour. Results revealed that majority (68.40%) of dairy farmers had medium level entrepreneurial behaviour followed by 18.30 per cent having high level of entrepreneurial behaviour. Out of twelve, eight variables namely viz., education, land holding, innovativeness extension contact, annual income, experience of

dairying, economic motivation and information seeking had positive and significant relationship but only age was negatively significant correlated with their entrepreneurial behaviour.

## METHODOLOGY

The study was carried out in Micro Small Medium Enterprises operating at Puducherry, using descriptive survey research design. The target population was 6410 MSME were registered in puducherry district industrial center only selected. A sample size comprising 50 entrepreneurs were selected for the study. Simple random sampling techniques used to select the respondents. Questionnaires were used to collect data which were validated through a pilot study. The questions were closed ended on a five point Likert scale. Descriptive statistics was used to analyze data with the help of Scientific Packages for Social Scientists (SPSS).

## Research Questions

The study aimed to answer the following research questions:

1. To what extent are the Entrepreneurial Behavior variables of Network development, Perseverance, Decision making and Knowledge ability demonstrated by Micro Small Medium Enterprises operating in Puducherry?
2. What is the effect of motivation factor on entrepreneurial behavior variables of Micro Small Medium Enterprises operating in Puducherry?
3. What is the correlation between Entrepreneurial Behavior variables of entrepreneur in Micro Small Medium Enterprises operating in Puducherry?

## Research Objectives

The study aimed following research objectives:

1. To examine the Entrepreneurial Behavior of entrepreneur in Micro Small Medium Enterprises operating at Puducherry.
2. To analysis the effect of motivation factor on entrepreneurial behavior of entrepreneur in Micro Small Medium Enterprises operating at Puducherry.
3. To test the correlation between Entrepreneurial Behavior variables in Micro Small Medium Enterprises operating in Puducherry.

## Research Hypothesis

1. The motivation not significantly enhances entrepreneurial behavior of entrepreneur in Micro Small Medium Enterprises operating at Puducherry.
2. There is no significantly interrelation between Entrepreneurial Behavior variables in Micro Small Medium Enterprises operating in Puducherry.

## DATA ANALYSIS, & FINDINGS

Data collected during the research were analyzed, the data from the questionnaire were coded and feed into excel spread sheet. The data were then exported into Statistical Package for Social Scientists (SPSS) software version 16.0. Furthermore, the formulated hypotheses are subjected to empirical test using KMO and Bartlet's test, cronbach's Alpha test, one-way repeated analysis of variance, and correlation. The results of the findings are as follows.

	<b>Particulars</b>	Percentage
<b>Age Group</b>	Less than 28	14.0
	28-37	28.0
	38-47	44.0
	Above 47	14.0
	<b>Total</b>	<b>100.0</b>
<b>Type of Enterprise</b>	Textile Based	24.0
	Auto Mobile Based	30.0
	Food Based	14.0
	Electrical/Electronics	20.0
	Others	12.0

	<b>Total</b>	<b>100.0</b>
<b>Experience</b>	Less than 4 years	10.0
	4 - 6 years	22.0
	7 - 10 years	46.0
	Above 10 years	22.0
	<b>Total</b>	<b>100.0</b>
<b>Nature of Business</b>	Micro	8.0
	Small	50.0
	Medium	42.0
	<b>Total</b>	<b>100.0</b>
<b>MSME Location</b>	Developed Area	20.0
	Developing Area	68.0
	Under Developed Area	12.0
	<b>Total</b>	<b>100.0</b>

**INTERPRETATION:**

**Age Group** It can be inferred from the table that 44% of respondents are in the age group of 38-47 years, 28% of 28-37 years, 14% are both Less than 28 and Above 47.

**Type of Enterprise** It can be inferred from the table that 30% of respondents are in the Auto Mobile Based, 24% of Textile Based, 20% of Electrical/ Electronics, 14% Food Based and 12% of them others.

**Experience** It can be inferred from the table that 46% of respondents are both in the 7 - 10 years, 22% both of 4 - 6 years and Above 10 years, 10% of Less than 4 years.

**Nature of Business** It can be inferred from the table that 50% of respondents are in the Small, 42% of Medium, 8% of Micro.

**MSME Location** It can be inferred from the table that 68% of respondents are in the Developing Area, 20% of Developed Area, 12% of Under Developed Area.

**Factor Analysis**

Bartlett's test of sphericity is a test statistic used to examine hypothesis that the variables are uncorrelated in the population as shown in table 10, for the thirty eight variables under study, the significance value of Bartlett's test is 0.000, this leads to rejection of the idea that the correlation matrix is identity matrix. The Kaiser Meyer Olkin measure for sampling adequacy is used to examine appropriateness of factor analysis. It compares magnitudes of observed correlation coefficients to magnitude of partial correlation coefficient.

**Table: 2. KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.805
Bartlett's Test of Sphericity	Approx. Chi-Square	87.105
	df	6
	Sig.	.000

The KMO value varies from 0 to 1. High value between 0.5 and 1.0 indicates factor analysis is appropriate. Small values of KMO statistic indicate that correlations between pair of variables cannot be explained by other variables, and hence, factor analysis is not suitable Malhotra, 2008. As shown in table 2, the KMO value found for this study is 0.805, which is nearer to 1. Hence this value is acceptable and justifies the appropriateness of factor analysis. Community is the amount of variance a variable can explain with all the factor being considered. This is also the percent of total variance explained by common factors malhotra, 2008.

The method selected for conducting the factor analysis here is principal component analysis. In this method, the total variance in the data is considered. The initial communities for principal component analysis are one. For the present study, communalities are calculated as shown in table 2 factor analysis the results of KMO 0.805 AND BARTLETTS rest of sphericity chi square – 87.105 and significance- 0.000 indicate that factor analysis done with 4 variable is effective. There were four factors extracted by using the method of principal component analysis and rotation method of varimax with Kaiser Normalization with criteria for Eigen value more than one.

It is required that the scale constructed and the component extracted should be able to explain maximum variance in the data. For this, an analysis of the Eigen values is required. Eigen value represents the total variance explained by each factor Malhotra, 2008. Table shows the Eigen values of all the variables that can be extracted.

**Table: 3. Total Variance Explained**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.803	70.080	70.080	2.803	70.080	70.080
2	.568	14.203	84.283			
3	.347	8.668	92.951			
4	.282	7.049	100.000			

Extraction Method: Principal Component Analysis.

**Table: 4. Component Matrix<sup>a</sup>**

Items	Component
	1
Network development	.745
Perseverance	.866
Decision making	.864
Knowledgbility	.867

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Table 3 shows the cumulative variance. However, it is required that the maximum amount of variance should be explained in minimum number of components. Only those factors are extracted for which the Eigen values are greater than one. From the above table it can be conclude that until three factors Eigen value is greater than 1. However for the present study is has been decided to consider only one factor cumulative percentage of extraction sum of squared loading was very high, but as thus the factors extracted in the study are contribute 70.08 % percentage of total variance. This is a fair percentage of variance to be explained for the appropriateness of the factor analysis. Thus extraction one factors from total 4 variables for measuring the satisfaction level is good by all means.

**Reliability Analysis**

To measure reliability of items loading into factor, Cronbach’s alpha was calculated and the result is shown in table. For five factors, the Cronbach’s alpha value is more than 0.5 indications that the factor is consistent and reliable.

**Table: 5. Reliability Statistics**

Factors	Cronbach's Alpha	N of Items
Motivational Factors	.794	9
Network development	.800	8

Factors	Cronbach's Alpha	N of Items
Perseverance	.782	9
Decision making	.787	10
Knowledgebility	.838	11

Cronbach’s alpha is measure of internal consistency, that is, how closely related a set for items as a group. In other words, it is a coefficient of reliability. Here the alpha coefficient of all the items is more than 0.5 that indicates the given variables have relatively high internal consistency.

**One Way Analysis of Variance Test of Hypotheses**

**Table: 6. ANOVA**

Effect of motivation factor on entrepreneurial behavior variable

**ANOVA**

		Sum of Squares	df	Mean Square	F	Sig.
Network development	Between Groups	6.876	14	.491	2.361	.020
	Within Groups	7.280	35	.208		
	Total	14.156	49			
Perseverance	Between Groups	5.412	14	.387	2.151	.033
	Within Groups	6.291	35	.180		
	Total	11.703	49			
Decision making	Between Groups	6.545	14	.467	3.866	.001
	Within Groups	4.232	35	.121		
	Total	10.777	49			
Knowledgebility	Between Groups	6.814	14	.487	2.703	.009
	Within Groups	6.302	35	.180		
	Total	13.116	49			

The analysis shows that motivation factor significantly enhances entrepreneurial behavior variable in MSME Puducherry at (P ≤0 0.05) confidential interval. This revealed that statistically the values of the responses were different at F-probability value is less than 0.05 hence the null hypothesis was rejected.

**Correlation analysis Test of Hypotheses**

**Table: 7. Correlation**

**Correlations**

		Network development	Perseverance	Decision making	Knowledgebility
Network development	Pearson Correlation	1	.553**	.479**	.520**
	Sig. (2-tailed)		.000	.000	.000
	N	50	50	50	50
Perseverance	Pearson Correlation	.553**	1	.676**	.652**
	Sig. (2-tailed)	.000		.000	.000
	N	50	50	50	50
Decision making	Pearson Correlation	.479**	.676**	1	.709**
	Sig. (2-tailed)	.000	.000		.000
	N	50	50	50	50
Knowledgebility	Pearson Correlation	.520**	.652**	.709**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	50	50	50	50

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

The analysis shows that value of correlation test demonstrates that there is positive interrelation between the entrepreneurial behavior variable among the entrepreneurs in MSME at Puducherry. Since this value is probability value is 0.01 (level of significance), the Null hypothesis is rejected.

## DISCUSSIONS & CONCLUSION

The hypotheses sought to examine the effect of motivation on the measures of entrepreneurial behavior. The findings for this study are based on survey questionnaires from MSMEs the small businesses represented the large portion of respondents. The main objective of this study is to determine the motivation and its effects on entrepreneurial behavior which is represented by four variables. From the ANOVA the findings showed there was a motivation factor significantly enhances entrepreneurial behavior variable and correlation analysis the findings show that there is positive interrelation between the entrepreneurial behavior variable among the entrepreneurs in MSMEs at Puducherry. Based on the discussions above, we conclude that motivation significantly affects entrepreneurial behavior variable (Network development, Perseverance, Decision making and Knowledgeability) within the MSME Puducherry.

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