The Evolution Of The Motivational-Behavior Relationship For Entrepreneurship

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Abstract

The importance of entrepreneurship and its role in national building has been multiplied with the sign of recession in the world specifically in the light of the new COVID 19 threat. Despite of high failure rate of startups and entrepreneurs, phenomenon growth of entrepreneurship creates a curiosity to study the reasons for this phenomenon, motivational and behavior relationship for entrepreneurship. Review of literature to trace back the evolution of motivational-behavior relationship for entrepreneurship is carried out. The motivational aspects and behavioral aspects of entrepreneurship are identified and the motivational-behavior relationship for entrepreneurship from previous research is found out. Based on the above, a framework for motivation, behavior and entrepreneurship has been developed for further research. During study, it is found that motivational factors like need for challenge, need for competition, need for achievement, urge for innovation and discovery, urge for wealth creation and capital accumulation, need for financial freedom and autonomy, and, urge for independence and recognition, and are prime motivating factors for entrepreneurial behaviour along with intrinsic characteristics of a person. A theoretical framework has been developed in this study to facilitate a focused research in this field by identifying the motivational factors, dimensions of intrinsic nature and behavioral dimensions.

Keywords: Entrepreneurship, Motivation, Behaviour, Motivational Factors, Intrinsic Nature

1.0 INTRODUCTION

In current economic condition indicated by the reduction in GDP of many countries in general and India in particular, specifically in last two years and sign of a recession and high unemployment in India in comparison to last 45 years, there is more focus on entrepreneurship which can generate work for others and improvement of society. The government of India has made policies like Startup India and a complete waiver to income tax and other taxes to SME so entrepreneurship can gain pace and contribute in reduction in unemployment in a big way and also contribute in national building.

Although, due to supportive government schemes, the startups have been come up in with great enthusiasm in India and it has reached at third position in the world in startups. But, the failure rate of these startups is as high as 90% in the last five years as reported by Oxford Economics. It is a big cause of concern for entrepreneurs as well as to the government. And it is indicated by many pieces of researches that India has the “world’s third-largest startup eco-system”. A study by found that about 90 percent of startup fails within five years in India. The study found that, Out of 90 percent failure, 77% fail due to lack of innovation while other reasons for failure have been found to be linked with less availability of skilled human resources, difficulty in getting finance, inadequate mentoring of employees and unethical practices followed by the startups. Lawania, founder of Xeler8 informs that the failure rate of startups is very high in India and 1,503 startups are closed down since 2015 due to lack of funding and following up western model of entrepreneurship.
Despite high failure rate, many people venture to entrepreneurship which creates curiosity to know the reason for the motivational-behavior relationship for entrepreneurship and its evolution. During the study, it is found that motivational factors like the need for challenge, need for competition, need for achievement, urges for innovation and discovery, urges for wealth creation and capital accumulation, need for financial freedom and autonomy, and, urge for independence and recognition, and are prime motivating factors for entrepreneurial behaviour along with intrinsic characteristics of a person. A theoretical framework has been developed in this study to facilitate a focused research in this field by identifying the motivational factors, dimensions of intrinsic nature and behavioral dimensions.

2.0 STATEMENT OF PROBLEM

Review of Literature highlights that there is no research found to explain the evolution of the motivational-behavior relationship for entrepreneurship. The problem dealt in the study is stated as follows:

“What is the motivational-behavior relationship for entrepreneurship which encourages entrepreneurship despite very high rate of failure of entrepreneurs and what are the dimensions of motivation and behavior to develop entrepreneurship which keep on developing more entrepreneurs?”

3.0 THE NEED FOR THE STUDY

Despite high failure rate of startups and entrepreneurs, the growth of entrepreneurship is a phenomenon. It indicates that there is something special that motivates entrepreneurship in many people.

Chand identified “15 major macro-level reasons” for this growth. These are “industry structure providing bigger roles for small firms, new technologies resulting in a decrease in mass production and flexible specialization, deregulation and privatization, formation of new business communizes, increasing demand of varieties, an increase of service sector due to high per capita income, government incentives and subsidies, increasing flow of information, easier access to resources, entrepreneurial education, return on innovation due to IPR policy, Entrepreneur as a hero like Narayanmurthy, Dhirubhai Ambani, high regards for self-employment for achieving personal goals, rising dissatisfaction in jobs, and entrepreneurs know that they can get suitable jobs in the prospective organizations due to their expertise and job knowledge”.

This creates a curiosity to understand the behaviour of an entrepreneur and motivation for the phenomenon of “Entrepreneurship”. It also emphasizes to find out the way the motivational-behaviour relationship for entrepreneurship is evolved. Segal et al. (2005) tried to find out the “motivation to become entrepreneurship”. Christopher et al. (2004) carried out Meta analysis to find out “achievement motivation for entrepreneurial behaviour”. Many studies are found in the literature of motivation linking to entrepreneurship, entrepreneur behaviour and business performance, entrepreneurship and business history (Geoffrey (Jones and Wadhwani, 2006), passion and personality of an entrepreneur (Obschonka, 2019). Many scholars have tried to find out the characteristics of an entrepreneur. Stewart et al. (1999) found higher in achievement motivation, risk-taking propensity, and preference for innovation as characteristics of entrepreneurs.

Douglas and Shepherd (2002) identified the characteristics of entrepreneurs as attitudes toward income, independence, risk, and work effort. Honig & Davidsson (2000) emphasized the capability of Bridging and bonding of social capital as the characteristics of nascent entrepreneurs. Reynolds et al. (2004) found that entrepreneurs seek recognition and self-actualization. Shepherd and DeTienne (2005) highlighted the
specific characteristics of entrepreneurs in prior knowledge of customer requirements and potential financial rewards and the innovativeness. Kolvereid and Isaksen (2006) found attitude for self employment as major characteristics of entrepreneurs. Kerr et al. (2018) tried to find out the personality traits of entrepreneurs.

On analyzing the recent studies, it is observed that studies are localized in a country or an area covering a specific study group, and these studies are carried out in isolation of other motivating factors. For examples, the studies on students and entrepreneurial education are carried out to see only the impact of the education without considering the family background and role, impact of values and practices of religion. Even only perception, intention and attitude towards expected behaviour have been measured and not the behaviour itself. Also these studies are cross sectional and not longitudinal so the impact of various factors varying with time and phases of entrepreneurship are not considered. While longitudinal study is required to find out the impact of motivational factors. For example, many students who have undergone the entrepreneurial training might not have started a new firm at all and some might have drop the idea at pre-launch and some after the launch.

Tanoira, Valencia and Ponce(2020) in their research paper have suggested about possible barriers related to background, culture, gender, age, nationality and education system must be studied in the future while studying the effect of experience on entrepreneurship in university students. Rehan (2020) has only studied the Islamic Religion and Entrepreneurship in Pakistan. While there are many religions in India and they have their own values, beliefs, culture and orientation. For example, Sikhs are more entrepreneurs. There is a need for study on impact of religion on entrepreneurship in India at various phases of entrepreneurship.

Similarly, the Research on Happiness, wellbeing and positive psychology at various of stages of entrepreneurship has been done based on blogs in one case while other one is based on treatment effect. Weibo and blogs do not record all the information of entrepreneurs’ personal experience and a risk exists that entrepreneurs beautify their content to gain social favor. Hence, study is required to be carried out in a structured manner taking objective data collection.

The search on Google Scholar, Research Gate and Google, found that researches published so far, do not cover the evolution of the motivational-behavior relationship for entrepreneurship and also the scope is very limited and the studies have covered very limited areas or groups for studies.

4.0 OBJECTIVES

- The objective of the study is to trace back the evolution of the motivational-behavior relationship for entrepreneurship in literature.
- Identify the motivational aspects and behavioral aspects of entrepreneurship.
- To find out the motivational-behavior relationship for entrepreneurship from previous research.
- Develop a framework for motivation, behavior, and entrepreneurship.

4.0 RESEARCH METHODOLOGY

This study uses the exploratory research methodology as it appropriate to find out relevant variables to frame the theoretical model. The research papers related to motivation and construct of behaviour, entrepreneurship, and motivation behind entrepreneurship are analyzed and discussion was held with some of the successful entrepreneurs and the various dimensions are identified which are related to the objectives of finding out the evolution of motivational-behavior relationship for entrepreneurship, motivational
aspects and behavioral aspects of entrepreneurship and the motivational-behavior relationship for entrepreneurship. Finally, a framework for motivation, behavior, and entrepreneurship is developed for further research in the field.

5.0 REVIEW OF LITERATURE

The literature review is carried out to capture the role of motivation in the construct of behaviour and motivational aspects of entrepreneurs. It is also focused on entrepreneurship, its study in various aspects and their roles. The literature review is also carried out to explore the motivation behind entrepreneurship and the relationship between motivation and behaviour leading to entrepreneurship. Various sources like Google Scholar and Research Gate, etc. are used to collect the qualitative data.

5.1 MOTIVATION AND CONSTRUCT OF BEHAVIOUR

Motivation is originated from “movere” which is a Latin word and its meaning is “to move”. Motivation moves a person to take initiative to achieve a goal perceived by him which may be financial, sociological psychological in nature. It raises a question of why a person behaves in a certain manner Motivation leads to a particular behavior in a person depends on his needs or goals. Based on this many motivational theories were propounded by the scholars.

Shaver and Scott (1991) found that “Mischel’s (1968) explanation of construct of behavior being a dynamic process formed from the interaction of man and the situation as accepted by psychologists for the last more than four decades. This does not favour the need theories of the early 1950’s.” Landy (1989) emphasized process models started with “Vroom’s expectancy theory” along with “Locke’s goal-setting theory” which emphasizes setting specific and measurable goals and “Bandura’s (1977) self-efficacy theory” which emphasizes the role of self-efficacy in success, were preferred from mid-1960’s.

Researchers have found that motivation influences behaviour by creating a series of thoughts in a person. This though process depends on personal characteristics like attitude, intention, values, and beliefs as well as efforts and withdrawal (Rueda and Moll, 1994). Psychological theories of motivation support the argument that motivation exists within the individual. There is a complex relationship between motivation and behaviour.

Ohio - Professor Steven Reiss (2000) conducted a study on motivation and behaviour with the participation of 6000 people. He identifies 16 basic desires which guide the behaviour of a person. These desires include desire for power, status, honour and romance; desire for family, social contacts and acceptance; desire for order, idealism, independence and curiosity; desire for saving, vengeance, eating, physical exercise, and tranquility. “Motivating operation works as establishing operation (EO), This results in enhancement of reinforcer’s effectiveness and in turn, it enhances repetition of desired behaviour ” (Cooper, 2007).

Goal directed behaviour is the result of enhancement of persistence and vigour in the direction of goal achievement through an internal process of motivation in human being. Motivation also leads humans to behave in a specific manner which can support them in the process of achieving their goal (Smith, 1982).

Motivation leads to behavior and entrepreneurship has a direct bearing on the motivational aspect of entrepreneurs. The evolution of the motivational-behaviour relationship followed the path in line with the evolution of organizational psychology. Initially, motivation was considered as static and content oriented
and accordingly motivation theories were professed. On further understanding of the process of motivation, process oriented and dynamic theories were originated There are two aspects of motivational theories viz. the things inside an individual such as initiation, giving a direction, sustaining the behaviour and stopping a particular behaviour, which are covered under content theories, while the process of initiation, direction, sustenance and stoppage of behaviour are explained by process theories (Campbell et al., 1970).

5.2 ENTREPRENEURSHIP

In 1755, the term “entrepreneurship” was coined by Richard Cantillon studying entrepreneur from the economics point of view. He explained that “Entrepreneurs work on uncertain wages, whether they establish with or without capital.” He considered the entrepreneurs as decision-makers and coordinators between the producers and consumers. Turgot (1766) stated that “the entrepreneur is the outcomes of a capitalist investment decision”. Nicolas Baudeau (1771) defined the entrepreneur as an innovator. Bapiste Say (1803) considered the entrepreneur as a Philosopher who finds out the new concepts and uses them to designs new products and produces them by using the labour (Grebel et al., 2001). Iversen et al. (2008) found that Alfred Marshall in 1881 specified that search of opportunities for minimizing the costs is continuous desire of an entrepreneur and he puts his efforts in that search.

Initially, the “Entrepreneurship” was considered in line with leadership where traits were considered and dominating factors (Churchill and Lewis, 1986; Timmons, 1999). Push and pull theory of entrepreneurial motivation is universally accepted theory proposed by Gilad and Levine (1986). Push theory supports the argument that a person is pushed to become of entrepreneur due to external factors such as low salary, bad organizational climate, unemployment, etc. while pull theory emphasizes individuals’ preferences for self-fulfillment, achievement, higher wealth generation, etc. Then, cognitive models came into existence due to shortcomings of previous theories where options of joining other organizations by the individuals were not considered. At present, process-oriented cognitive models and economics-based models, theory of planned behaviour, etc. are proposed and used.

However; “entrepreneurship” was not explored by the scholars systematically and continually in the classical and neo-classical era as the business was considered with perfect completion point of view. In a perfect competition point of view, innovation and risk-taking did not take the central stage while these factors are found to be very important for an entrepreneur.

Weber (1904-06) studied “entrepreneurship” from a sociological point of view and considered is as “goodness of work”. He emphasized that “The capitalistic entrepreneur has a quest for economic gain rationally, he makes calculations based on economic criterion, extends trust through credit, subordinate consumption in the interest of capital accumulation. Rationalization of every aspect of entrepreneurial pursuit (defined as instrumental rationality) makes capitalist entrepreneur different”. Thus he considered the rationalization thinking as a motivator of the entrepreneurship.

Howley (1907), Knight (1921) and Schumpeter (1928) worked on this concept in various angles. Schumpeter (1928) brought the concept of ‘entrepreneurship’ in a big way and he defined, “Entrepreneur is the innovator, the individual who introduces new combinations of production factors”. Howley (1907) considered that “the entrepreneur is the motivator and uncertainty bearer who will decide what shall be produced how much of it and by what method in order to attain his/her own ends”.

Knight (1921) considered an entrepreneur as a person with “knowledge of judgment, foresight, self-confidence, managerial ability, sense of responsibility and ability to control”.
Schumpeter identified five roles of entrepreneur viz. “(1) new goods and better quality creation; (2) development of new process for manufacturing; (3) development of new avenue for market; (4) identification and development of new source of supply; or (5) evolving a industry or a new firm”. He considered an entrepreneur as “a destroyer of the equilibrium (creative destruction)”. 

Further, Mises (1949) and Hayek (1937) are propagators of “entrepreneur with Austrian s thoughts of the heterodox school of the economy which emphasizes the spontaneous organizing power of the price mechanism of entrepreneurs”.

5.3 MOTIVATION BEHIND ENTREPRENEURSHIP
Initially, economists were interested in the phenomenon of entrepreneurship (Cantleton, 1755, and Say, 1803). The economists during the neo classical era linked the entrepreneurship with a market economy (Hawley, 1907, Knight, 1921). 


Mises (1949) felt that the motivation behind the entrepreneurship is “a special quality of a person called entrepreneur who has considered to possess the ability of perception and converting perception into reality by transformation”.

Hayek (1937) felt that “information and knowledge motivate an individual for entrepreneurship”. Jenks (1949) brought the concept of development of entrepreneur quality from childhood through social interaction and people’s expectation from him, rewards and punishment received by him for his different behaviours, his role models and diversity in his personal roles and his roles in the society.

In 1911, Sombart brought social marginality factors in entrepreneurship by specifying that marginalization and minority of some people in the society bring the entrepreneur quality in these people. Hoselitz (1963) and Young (1971) supported this view based on their studies on Jews, Indians and Chinese (Kalantaridis, 2004).

Rotter (1966) explained the importance of locus of control on entrepreneurship which takes care of incidental learning (recognition of opportunities) with spontaneous learning resulting in entrepreneurial behaviour.

Shackle focused on the decision making skill of entrepreneur based on uncertainties. Casson (1995) proposed the “economic theory of entrepreneur” where he emphasized on judgmental power of entrepreneurs in risky innovations. Harper (1996) developed a dynamic theory on entrepreneurial learning and its importance which highlights the entrepreneur thinks tangentially away from the routine way of idea generation.
Entrepreneurship was seen by McClelland (1961) through the lenses of “psychology”. He supported the view of germination of entrepreneurship due to childhood attitudes gained through her parents’ influence on getting excellence and their concepts of providing the freedom to the children. This develops a sense of achievement as a motivational factor in these children. This creates a sense of responsibility, risk-taking capability and ability to measure the performance.

Based on the above discussion, Entrepreneurship can be considered as a multifaceted phenomenon, which cannot be explained by the theories of any single school of thought or branch of science. “An effective and productive collaboration of different human sciences is essential to understand the process of entrepreneurship” (Virtanen, 1997). The theories of motivation for entrepreneurship as explained by Virtanen are shown in the figure-1.

**Figure 1: Theories in Explaining Entrepreneurship**

![Figure 1: Different theories in explaining entrepreneurship](image)


### 6.0 EVOLUTION OF MOTIVATIONAL-BEHAVIOR RELATIONSHIP FOR ENTREPRENEURSHIP

The first recognized work on motivational-behaviour relationship for entrepreneurship is found to be White (1959)’s concept of a need for competition as a motivation for entrepreneurial. This leads to high achievement orientation and causes the person to be an entrepreneur as he believes that he is the prime actor in influencing the result.

McClelland (1961) brought out his theory of “the need for achievement” as a motivator for entrepreneurial behaviour in a person. This need forces a person to do better than others. Such people make plans in advance and take responsibility for their actions. After that, many studies have supported his theory.

Schumpeter (1928, 1989) and Baudeau (1771) highlighted Innovation/discovery theory of motivation for entrepreneurship. Boumol (1968) brought the concept of an innovator as a prototype of an entrepreneur.
Atkinson and Birch (1978) proposed the “dynamic theory of action”. As per this concept, a life of a person is a “continuous stream of behaviors” resulting in various activities. A person gives preference to an activity which is supported by positive motivation. Intensity of motivation is more important for a behaviour compared with the force of motivation.

The urge to become an entrepreneur drives from inner characteristics of a human being which include personality, ability, attitude, values and inclination. When these are supplemented by his needs, his perception, education, previous experience, family background along with supportive environment, he becomes an entrepreneur and he succeeds with his self efficacy, commitment, and determination (Naftziger, Hornsby and Kuratko, 1994)

Next motivation-behaviour relationship for entrepreneurship was noticed by Aboud and Hornaday’s (1971). Based on their survey of 60 entrepreneurs, they found that “desire for independence and financial freedom made them take responsibility for their lives in place of serving others”. This resulted in motivation for entrepreneurship. They take their own decisions using their own judgment. It makes them not to listen to others and follow others instructions.

There are some negative motivators such as low-status and poor support or no support of social network (Young, 1971). Hirsch (1985) found that the prime motivator for entrepreneurship is craving independence. An entrepreneur tolerates the found ambiguous situations, and prefers autonomy. He opposes the conformity and tries to remain aloof but skilful. He likes to take risks and moulds himself according to changing situations with lesser needs or support (Sexton and Bowman, 1985).

Push factors that transform a person into an entrepreneur, are seen as "necessity" factors, and they work on negative motivators for a person to set up his or her own business. Push entrepreneurs start self-employment to overcome the hurdles of growth like un-employment, dependency on the job market, job dissatisfaction, poor working environment, etc. (Cromie and Hayes 1991).

Studies by Shane et al. (2000) further strengthen the relationship between independence and working for self with entrepreneurship. The entrepreneurs do not like the command of others to do something against their wishes.

Chell (2000) highlighted that “motivation to wealth creation and capital accumulation, brings a behaviour of envisioning of future and putting efforts to realize them in a person”.

Many kinds of researches were done during the last two to three decades which show that the need for financial freedom is another important motivator for entrepreneurship behaviour. Also, such people like to earn more money without the constraints put up by others. By starting their own business, they want to ensure their control over their own career and financial freedom. (Kiyosaki, 2012)

The founder of Apple Inc. Steve Jobs once expressed, “one’s work fills a larger part of his life and he gets true satisfaction by doing the things which he feels are great jobs. He further elaborated, “Love with the work what one does, and is the great job”. Entrepreneurs love what they do. The dimensions of motivation which result in the birth of an entrepreneur include learning, roles, autonomy, independence, challenge, recognition, status, achievement, financial success, dissatisfaction with status quo, encouragement from society, family and community (Stephen et al., 2015).

Interviews with successful entrepreneurs revealed that the important factors for entrepreneurship are : passion, technical knowledge, accepting challenges, being creative, freedom to experiment, less job opportunity, previous work experience, identification of opportunities and can do anything approach made
him an entrepreneur but continuous knowledge upgradation, passion, risk taking, value creation more than mere satisfaction, adoption of new technology, selection of right employees, hard work and focus made him successful.

7.0 CONCEPTUAL FRAMEWORK AND PROPOSITION

Based on the above discussion, it can be argued that “need for challenge, need for competition, need for achievement, urges for innovation and discovery, urges for wealth creation and capital accumulation, need for financial freedom and autonomy, and, urge for independence and recognition of work” as motivators and they develop behaviour leading to entrepreneurship as suggested by White (1959), McClelland (1961), Schumpeter (1928, 1989), Baudeau (1771), Boumol (1968), Atkinson and Birch (1978), Cromie and Hayes (1991), Shane et al. (2000), Chell (2000), Kiyosaki (2012), and, Stephen et al. (2015). However, there are factors of intrinsic nature which are important for such behaviour as identified by Naffziger, Hornsby and Kuratko (1994). Based on this a conceptual framework has been developed for further research. The same is shown in figure 2.

Based on the above, the following propositions can be outlined:

**Proposition 1**: Motivation factors which include “need for challenge, need for competition, need for achievement, urge for innovation and discovery, urge for wealth creation and capital accumulation, need for financial freedom and autonomy, and, urge for independence and recognition” create behaviour for entrepreneurship.

**Proposition 2**: Along with motivational factors, dimensions of Intrinsic Nature like “Dominance, Independence, and Aloofness, Adoptability to change, Low need for support Resistance to conformity” play a major role in developing entrepreneurship.

**Figure 2: conceptual Framework for Motivation-Behaviour Relationship for Entrepreneurship**
8.0 DISCUSSION AND LIMITATION

With the changing business scenario, there is more focus on entrepreneurship which can generate work for others and bring improvement of society. Despite very high failure rate of startups, there is more focus on entrepreneurship and more and more people are dreaming to be entrepreneurs. This has created an interest to find out the motivational aspects supportive of the behaviour for entrepreneurship.

Although by Richard Cantillon professed the phenomenon of “entrepreneurship” in 1755 from the economics point of view, this concept was emphasized and explained by Schumpeter in 1928. The concept of entrepreneurship has been researched by many scholars from economic, psychological, sociological, and situational and leadership points of view.

Different scholars have found different motivational factors important for entrepreneurship. It is found that the “need for challenge, need for competition, need for achievement, urge for innovation and discovery, urge for wealth creation and capital accumulation, need for financial freedom and autonomy, and, urge for independence and recognition” are the prime motivating factors for entrepreneurial behaviour.

It is also found that dimensions of the intrinsic nature of a person play major roles in supporting entrepreneurial behaviour. The combination of motivational factors and the intrinsic nature of a person leads to entrepreneurship.
A theoretical framework and propositions developed in this study can be explored further to find out the correlation among these factors for better understanding of the role of motivation and intrinsic nature for entrepreneurship.

Although, almost all the factors are covered in the conceptual framework but it is based on the research papers available in Google Scholar, Research Gate and other open access journals and many research papers which are not available in open access could not be analyzed. Hence, some factors might be left out due to this limitation. Nevertheless, the frame work is quite elaborate and a research based on this framework will give a very useful results which can be used for policy formulation and institutional support to enhance entrepreneurship for economic growth of a country.

9.0 SCOPE FOR FURTHER RESEARCH

The discussion and analysis from section 2.0 to 7.0 bring out very interesting areas of research. Some of them are mentioned below:

i) To find out the critical dimensions of intrinsic nature for entrepreneurship
ii) Role of Politico-Economical Environment and entrepreneurship
iii) Role of Government policies in developing entrepreneurship
iv) To find out the critical motivational factors for supporting entrepreneurial behaviour.

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