

## ENTREPRENEURIAL MOTIVATION AND THEIR IMPACT ON WORK COMPETENCY IN INDIAN RURAL AREA

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### **Abstract**

*The aim of this research is to analyse various barriers and problems faced by rural Indian entrepreneurs, as well as to find the impact of these problems on the working efficiency of those entrepreneurs who are living in rural area. This research also focus on to reconnoitre various aspects of rural entrepreneurship and its emphasized on the profile of rural entrepreneurs, identifying the motivation behind their entrepreneurial career, and pinpointing the problems they are facing with Indian perspective.*

### **Keyword**

*Rural, entrepreneurship, motivation, challenges, Maharashtra, India.*

**JEL classification:** *M1,R0,O1.*

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### **Introduction**

The formation of dynamism and wealth of a country depends on the competitiveness of their enterprises, and this is primarily based, with this regards, on the capability of the entrepreneurs and managers (Cuervo et al., 2008). An entrepreneur is a person who undertakes and operates a new enterprise and assumes accountability for some inherent risks (Gough, J. 1969). Entrepreneurship is a process of creating new wealth. This process focuses on discovery, creation, and profit exploitation of markets for goods and services. Therefore, entrepreneurship entails activities of an individual or a group aimed at initiating an economic enterprise, under legal form of business (World Bank 2010). Nearly 73 % of the total Indian population live in rural areas where agriculture and agriculture associated activities are the main sources of their living. The economic growth of the country mainly depends on the progress of rural areas and the standard of peoples living in this area.

Entrepreneurship play a vital role in the overall economic development of the country. On the contrary, many rural entrepreneurs are

facing various problems and challenges due to non-availability of essential amenities in the rural part of developing country like India. There is a rising need for rural entrepreneurs for industrial sector commenced by rural entrepreneurs are giving many employment opportunities to peoples. Institutions and peoples who promoting rural development now see entrepreneurship as a strategic development interference that could fasten the rural development process (Saxena, S. 2012). Due to lack of confidence level and decisiveness also affect rural entrepreneurship (Hookoomsing, D., and Essco, P. 2003).

### **Literature review**

“Necessity is the mother of invention “; likewise, motivation is the driving force for innovation behind invention. Starting from the 1950’s a huge amount of research work has been done to investigate the key factors driving motivation to entrepreneurship. Although, a lot of research work has been done nothing conclusive yet has been found. According to cited literature, there are two main factors/components pulling individuals in the

field of entrepreneurship are the “pull “and the “push factors. The principal push factors are dissatisfaction regarding current job status, lack of ample job opportunities, poor work schedule and salary returns. The push factors are individuals seeking self-employment, independence, developing confidence etc. (Segal, G, Borgia, D and Schoenfeld, J et al., 2005). Another dimension added to entrepreneurship motivation is analyzing the impact of environmental factors on motivation. Environmental factors like job instability, financial crisis may also act as the pulling force to self – employment. However, Shane et al 2003 cited that other than environmental factors the human mind plays the biggest role in undertaking motivation towards entrepreneurship. The risk to undertake the business, the uncertainties associated with it are evaluated by individuals based on their perspective understanding and evaluation of the situation (Reviewed by Shane, S., Locke, E and Collins, C. et al., 2003). The minds of the people, their intelligence, their individual variation in taking risk their willingness etc. influences the entrepreneurship deeply and its outcomes. The motivation shown by people towards their entrepreneurship is also mingled with external factors like opportunity costs, availability of resources, returns, expenditures etc. as well as the availability of the market (Reviewed by Shane S., Locke, E and Collins, C. et al., 2003). Other important factors, studied by sociologist is the need for achievement factor (Collins et al., 2004). Collins et al conducted a research in which we co-related the need for achievement factor with entrepreneur behaviors and motivational success. Collins conducted research at individual and group level to account for correlation between need for achievement and entrepreneur success. At the individual level, the need for achievement factor is challenged by many factors like individual goals, resources, targets, career prospects etc. and at the group level by group efforts, co-operation between members etc. However, no conclusive results could be found from these studies.

A study conducted by Sanchez et al., 2012 analyzed other factors co – relating to need for achievement. According to Sanchez et al., 2012 other components like need for competition, need for independence, internal locus control

play an important role in driving entrepreneurship motivation. Sanchez et al., 2012 collected data from small and medium sized companies to analyses the principal driving forces towards entrepreneurship motivation. The need for achievement can be bolstered by other factors like internal locus of control meaning the entrepreneur trust his capabilities and potential more than external elements. Also, the competitive spirit for doing better in their streams, for getting maximum profits, to outcast their fellow competitors increases their willingness and motivation to perform better and get maximum profits. Cumulative effect of these factors helps the entrepreneurs to make a good quality decision about their business. The ability to make decision is needed to the main catalyst regarding the proper functioning of the business.

However, keeping all these factors one side like it is stated; “a strong building lies on a strong foundation”. In context of business sector, the strong foundation is education attainment from the grassroots level i.e. setting up of new and good quality business courses, providing exposure to high class education in terms of books, lectures etc. (Sanchez et al., 2012). According to Stefanoic et al 2010, the main factors controlling the motivational spirit of entrepreneurs is categorized into 4 categories: extrinsic rewards, independence/autonomy, intrinsic rewards and family security. Stefanoic et al revealed that in different countries different entrepreneurs are motivated by different factors to fulfil their needs of achievement. In some countries, it is the job security, the income in other countries to increase autonomy etc. However, in the end the main motivation is to increase their profits and income and expand their share in the market.

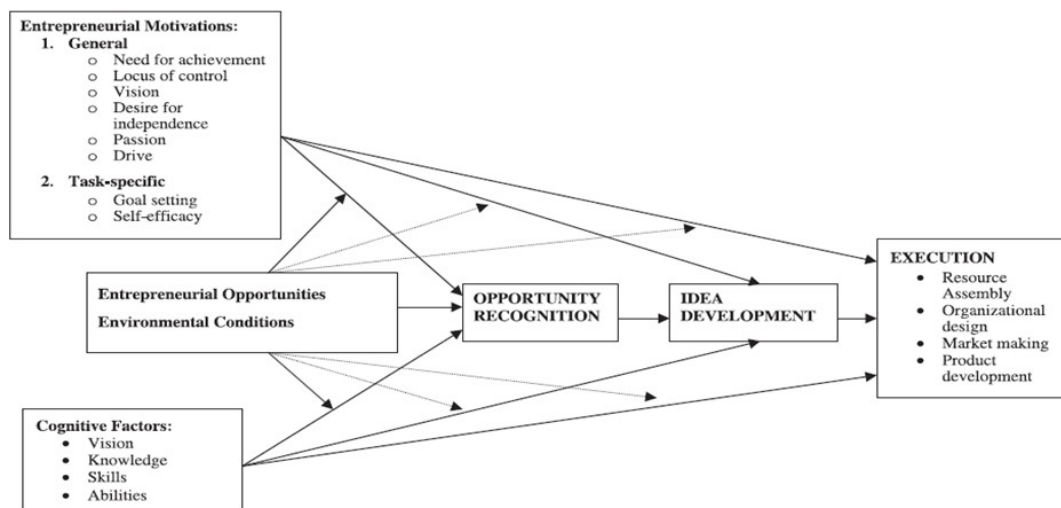
To sum up, the factors may be different but the main motivation is to increase the income expand these small and medium sized countries into big large profit-making machines. In the end, it is like a nuclear reaction, expansion of these small medium sized business not only benefit the entrepreneurs at a small scale but at the big level where they contribute to their own personal development as well globally establishing their market position and increasing economic benefits and profits.

## How motivations influence entrepreneurship

We initiate with the set of human motivations that psychologists have shown to influence Fig. 1) several features of human behavior. These embrace the motivations that we design at previous in the study, in specific, locus of control, desire for independence, passion, and drive. We recommend that entrepreneurship is a

course that initiates with the acknowledgment of an entrepreneurial occasion and is tracked by the growth of a knowledge for how to chase that chance, the assessment of the possibility of the chance, the advancement of the product or service that will be provided to clients, gathering of human and financial resources, organizational design, and the detection of customers.

**Fig. 1. Model of entrepreneurial motivation and the entrepreneurship process**



Source: Shane et al.,(2003)

We recommend that some or all of the motivations effect the evolution of peoples from one phase of the entrepreneurial process to another. In some cases, all of the motivations might matter. In other cases, only some of the motivations might matter. The relative extents of how much each motivation matters will likely vary, depending on the part of the process beneath

examination. In fact, it is probable that motivations that stimulus one part of the process have all of their effects at that period in the process and have no effects on later stages in the process.

## Materials and method

This research employed small medium entrepreneurship activities for development of

rural areas of India, the researchers chooses Maharashtra state as research area. The study is empirical and explanatory basically based on primary data collected survey moreover secondary data which is collected from various published sources such, journals, books, and various other publications, sample survey size was 115 participants from small and medium size enterprises registered with these District Industries Centre were selected on Simple Random sampling basis from Maharashtra state. Researcher use questionnaire and personnel interview as data collection tool and the data collected was subjected to quantitative analysis.

## Result and Discussion:

Demographic findings

*Table 1-Demographic Variables*

Sr no.	Characteristics	Frequency	Percentage
<b>1</b>	<b>GENDER</b>		
	Male	102	88
	Female	13	12
<b>2</b>	<b>AGE</b>		
	20-35	90	79
	36-45	13	12
	46-55	8	7
	56 and above	3	2
<b>3</b>	<b>HIGHEST LEVEL OF EDUCATION</b>		
	Secondary	19	16
	Diploma	33	28
	Bachelor degree	52	46
	Master degree	11	10
<b>4</b>	<b>MARITAL STATUS</b>		
	Single	43	37
	Married	72	63
<b>5</b>	<b>BUISNESS INDUSTRY</b>		
	Agriculture/Agro industry	56	48
	Manufacturing	31	27
	Service	19	17
	Handcraft	9	8

*Source: Calculated from primary data*

From table 1 it has been demonstrated that majority of the respondents i.e. 102 (88%) are males while females constitute only 13 respondents (12%) while 43 respondents (37%) are single and 72 respondents (63%) are married. Receive response implies that majority of 56 respondents (48%) are from agriculture sector while 31 respondents (27%) from manufacturing sector, 19 respondents (17%) from service sector and 9 respondents (8%) from handcraft sector.

The implication of this result is that majority of those who engaged in entrepreneurial activities are males it shows woman dominating Indian culture. While looking towards age structure the age of the majority 90 respondents (79%) of

those entrepreneurs range from 20 to below 35 years, followed by age range 36-45 that is 13 respondents (12%), age group ranging 46-55 years recorded 8 respondents (7%) and the least being age range 56 and above found only 3 respondents (2%). The result implies that most of the respondents are in their active and productive age.

**Table 2: Forms of business ownership**

Forms of business ownership			No. of respondents	Percentage
Sole proprietorship			82	72
Partnership	With family	23	31	26
	with friend	8	0	0
Cooperative Society			0	0
Private Limited Company			3	2
Total			115	100

Source: Calculated from primary data

Table 2 demonstrates that, as the form of business ownership sole proprietorship include 72% of participants and in the foremost situation. 31 (26%) of the respondents are in partnership form (23 of it with family members and 8 with

friends). From this it can be said that entrepreneurs in Maharashtra state are wanted to conduct their business by their own harmony. That is sole proprietorship is operated and managed by the owner.

**Table 3: Sources of start-up capital**

Sources	No of respondents	Percentage
Own fund	18	15
Finance from family	15	13
Loan from commercial bank	41	36
Loan from financial institutions	18	16
Both own fund and finance from family	23	20
Total	115	100

Source: Calculated from primary data

For the even working of an enterprise, adequate investment is an essential. According to (Charantimath, 2012) before initiating a business unit, it is important that an entrepreneur estimate its financial condition. He/she should scientifically estimate the fixed investment and working capital requirements. Table-3 shows that maximum of the respondent's source of investment include from family and own fund, which consists of 13% and 15% of the respondents interviewed correspondingly. Loan from a commercial bank (36%) represent huge

ratio and from financial institution contribute (16%). Another 20% uses both own fund and from finance from family.

**Motivation behind choosing the entrepreneurial career**

**Table 4: Who motivated them to be an entrepreneur?**

Motivators			No. of respondents	Percentage
Self-motivated			78	68
Friends			5	4
Family	Parents	7	24	22
	Siblings/Wife			
From social surrounding			7	6
Total			115	100

Source: Calculated from primary data

Most of the respondents (68%) mentioned that, they were self-motivated when they started their business, 4% were motivated from friends, while 22% of the respondents were motivated by their

family which include parents, wife and siblings ,Only 6% of the respondents are motivated by their friends (Table-7).

**Table-5: Challenges of entrepreneurs**

Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean*	D*
Family members were not agree with my decision to be an entrepreneur.	46	32	6	2	10	.08	.94
I could not manage start-up capital very easily to start the business.	29	34	7	5	0	.16	.06
It is very hard to manage working capital	8	12	4	1	40	.92	.38
Required training/course facilities are not available	5	4	6	8	42	.96	.32
There are lacks different skills (management/ marketing etc.) to conduct the business	9	39	5	4	18	.89	.38
Political influences hamper my/our entrepreneurial activity	8	10	5	0	42	.25	.14
My suppliers are not very co-operative/supportive.	16	12	8	1	38	.81	.35
Infrastructural problems (water/electricity/gas/transportation etc.) are very hazarders to run the business	2	0	1	4	58	.4	.33
Inadequate technological knowledge creates obstacles in our way to do business	9	15	6	8	37	.16	.22

Source: Calculated from primary data \*Mean value greater than the midpoint of 5 or 2.50 indicates challenges.

\*Smaller SD (standard deviation) indicates lower dispersion among the responses in each statement.

Table 5 shows different problems that can hamper the way of rural entrepreneurs in their

path to success. Handling enterprise can occasionally be hampering to comprehensive the

social concern. That can increase scandalous language from family and this play a role of negative to inspiration. The preliminary consensus and frequent assistant is very much critical to endure the business successfully. In response to the declaration “family members were not agreeing with my decision to be an entrepreneur”- 46 of the respondents were strongly disagreeing with mean value (2.08) and the standard deviation (0.94) reveals that, rural are not facing problems by their family. That means, the entrepreneurs in India were getting co-operation of their family members. The result shows 34 of the respondents are disagree with the statement- “I could not manage start-up finance very easily to start the business”. The mean value (2.16) and standard deviation (1.06). being an entrepreneur, it is very important to manage working capital to manage everyday expenses. At this point, 51 of the respondents were agreeing with the statement- “It is very hard to manage working capital” mean value (3.92) and standard deviation (1.98) also reveals that, rural entrepreneurs are facing various problems to manage working capital. Getting training is important to the progression in occupation. 58 of the respondents were supportive with the statement- “Required training/course facilities are not available. The survey outcome shows that, 44 of the respondents are supportive with the statement “There are lacks different skills (management/marketing etc.) to handle the business.” Also, 9 of the respondents are strongly disagreeing with this declaration with Mean

value (2.89) denote the deficiency of diverse skills as challenge of rural entrepreneurs. Here the standard deviation is 1.38. We should understand that absence of managerial effectiveness can form straggler performance. To achieve labor, production, finance, research and development the management skill is enormous.

In response to the report- “Political influences hinder my/our entrepreneurial action.” 50 of the respondents are agreed with this and 42 are strongly with this statement with mean value (2.25) also designate it as a problem concerning entrepreneurial growth along with Standard deviation is 1.14. retorting the account- “My suppliers are not very co-operative/supportive,” 12 of the respondents are disagreed, and 16 are strongly disagreed with this report. Suppliers’ cooperation and support rarely necessity for the even movement of business process. occasionally the incorrect choice of position, insufficient water source, unequal supply of electricity and gas, transport can produce the random situation. “Infrastructural problems such as water, electricity, gas, transportation, etc.” This account covers mean value (4) and standard deviation (1.33) revealed it as a challenge there 54 of the respondents are agreed with the declaration and 58 strongly agree. In response to the account “Inadequate technological knowledge creates difficulties in our way to do business.” 48 of the respondents are agreed with this. The mean value (3.16) indicates a lack of technological know-how pose a challenge for rural entrepreneurs with the Standard deviation is 1.22 in this statement.

**Table 6: Major reasons to start business**

<b>Motivation factor/ Reasons</b>	<b>No of Respondents</b>	<b>Percentage</b>
To achieve profit	36	31
Become Independent	16	15
Have previous experience in business	4	3
Have innovative idea	3	2
Family business /Family tradition	9	8
Desire to utilize available resources	2	1
desire to provide security and a good future for the family	18	17

There is not sufficient opportunities in Govt jobs	11	10
want to utilize free time	4	3
Being employer provide job opportunism to other peoples	8	7
To upgrade social status	4	3
Total	115	100

*Source: Calculated from primary data*

In order to measure entrepreneurial motivation. As for the attitude towards the work they perform at the time of the research, the potential entrepreneurs consider that, although it is attractive and appreciated by the other citizens, it fails to secure them the long-expected income. The reasons which determine potential entrepreneurs to start a business are as diverse as the activities in which they choose to be involved. The results shows the main entrepreneurial motivations as resulted from the research we performed. The result shows that the most consistent group of 31 respondents have perception that entrepreneurship as a source of higher income (15%) respondents were attracted by the idea of being independent (17%). 18 entrepreneurs have another type of motivation lies in the desire to provide security and a good future for the family .Another category of entrepreneurs is constituted by what we may call “authentic entrepreneurs”, whose motivation lies in the desire to borrow and put into practice business models in the domains in which 4 respondents have experience (2%).On the contrary 9 respondents (8%)forced to become entrepreneur because of family tradition they have to continue the family business.3% of respondents majorly woman’s they want to utilize their free time and wish to support family by extra source of income. India is a country where everyone wants to work with government services for financial and job security but unfortunately looking towards Indian population government cannot provide jobs to everyone and private jobs that’s why nowadays individuals were entering into entrepreneurial activity from our study. 10% of respondents have opinion that there is not sufficient opportunities in Government jobs. 7% of respondents being employer would like to provide job opportunities to other local peoples, while 43% of respondents wants to become entrepreneur for upgrade their social status.

Results of this study designate that rural entrepreneurs in India generally face three types of problems like entrepreneurial/business problems, social/personal problems and technical problems. And all these three types of problems have negative relation with the working efficiency of rural entrepreneurs. The study

identified that 66% of the respondents are self-motivated to be entrepreneurs. The reasons to start business consist of- be self-dependent, extra income for the family, to run the family business, for economic freedom, etc. The study also finds out challenges in starting and continuing business of rural entrepreneurs that can obstruct the smooth functioning of it. Some of the challenges are- conservative social attitude, gender discrimination, lack of skills and training facilities, infrastructural problems, etc. This study has some implication for researchers in the area of entrepreneurship and rural entrepreneurship.

**Conclusion:**

In the present research work, we demonstrated that on the basis of analysis of data and discussion of their results it is concluded that rural entrepreneurs in India face problems such as entrepreneurial/business problems, social/personal problems and technical problems. This rural entrepreneur’s due to the deteriorating conditions cross the boundary of conservativeness. The government should take further steps to improvise the advancement of them. What entrepreneurs from rural area need for enterprises are coordination from the family, financial support, and the motivation from the environment (society and government).

Without appropriate incorporation of entrepreneurs in a country’s economy, it is quite difficult to achieve the country’s targets. To make the route of rural entrepreneurship proper, it is imperious to introduce entrepreneurship courses in the educational institution Training is imperative for entrepreneurs so that they can avail updated technology as technology can save time and money and labor. As well as for new entrepreneurs should provide long term, collateral free loan and credit with low interest rate. For encouraging rural entrepreneurs, it is necessary to create opportunities and reduce barriers.



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