



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournal.com>

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Volume 15 • Number 17 • 2017

Impact of Internal Motivational Factors on Performance of Small Medium Enterprises Run by Women Entrepreneurs in Hyderabad: An Empirical Study

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ABSTRACT

Entrepreneurship is one of the key factors for the economic development of a country. Entrepreneurship provides benefits in terms of social and economic growth and also offers benefits in terms of individual fulfillment, with entrepreneurship now breaking through the barriers of class, age, gender, sexual orientation, and race. The main purpose of this research paper is to assess the impact of internal motivational factors – job satisfaction, ability to compete, creative ability, inner talent and self-esteem play due role for the success of SMEs run by the women entrepreneurs in Hyderabad. The result shows that internal motivational factors have significant impact on performance of Small Medium Enterprises run by Women Entrepreneurs.

Keywords: Entrepreneurship, Internal motivational factors, Economic Development.

1. INTRODUCTION

“If your mind can conceive it, and your heart can believe it, then you can achieve it!”

Given the current economic challenges faced by many countries across the globe, the notion of engendering greater entrepreneurial activity has become a prominent goal for many national governments. The relevance of entrepreneurship to economic development has been highlighted by many researchers. Entrepreneurship not only provides benefits in terms of social and economic growth, but also offers benefits in terms of individual fulfillment, with entrepreneurship now breaking through the barriers of class, age, gender, sexual orientation, and race. The 21st century seems to have begun with events indicative of the

turbulence, challenges and opportunities ahead. Survival and success in such turbulent times increasingly depend on competitiveness. Competitiveness has been described by researchers as a multidimensional and relative concept. The significance of different criteria of competitiveness changes with time and context. More globally, governments across the world are increasingly recognizing the positive impact that the creation of new businesses can have on employment levels, as well as the competitive advantages that small firms can bring to the marketplace.

In exploring the principal barriers to firm growth, there was broad agreement that the primary issues involved in growth are: motivation, resources and market opportunities. But the central role of the business owner at major determines the future growth and their attitude to growth may even influence the chances of firm survival.

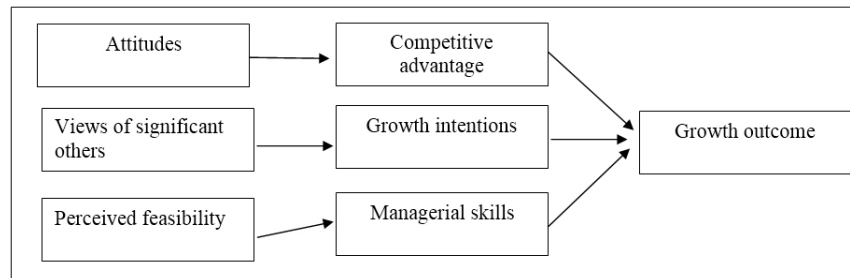


Figure 1: Growth Intentions

Much of the literature reviewed agreed that the most significant barrier to growth was based upon psychological or motivational factors. If there is not a strong commitment by the entrepreneur/management team to grow the business, then it is unlikely to happen of its own accord. The growth intentions of an entrepreneur in general will be influenced by his/her own attitudes and also by the perceived feasibility of success. The attitudes of the entrepreneur will be influenced by positive factors such as contribution to the community, recognition of the community and will be negatively influenced by factors such as work-family balance, additional stress, and potential loss of control. The combination of these influences contributes to the accumulation on an entrepreneur's growth intentions, which combined with competitive advantage and managerial skills determined the growth outcome of the firm.

The entrepreneurial role can be both culturally and experimentally acquired and is influenced by education and training. The traditional approach to entrepreneurship (with its emphasis on business start-up) needs to change. There is a requirement to move from traditional instruction method towards an action oriented, mentoring and group-work experiential learning methodology to ensure greater learning effectiveness. Critical thinking and problem solving are recognized as key skills and skill development regarding risk-taking, innovation, creativity and collaboration needs to be valued more. Fostering innovation and creativity and learning from success and failure needs to be encouraged.

It is still a topic of much debate whether entrepreneurs are born or made. While it is generally acknowledged that there are natural 'born' entrepreneurs, there are also researchers who believe that entrepreneurship is a skill that can be learned. Drucker (1985) argued that entrepreneurship is a practice and that "most of what you hear about entrepreneurship is all wrong. It's not magic; it's not mysterious; and it has nothing to do with genes. It's a discipline and, like any discipline, it can be learned." If one agrees with Drucker's concept of entrepreneurship, then it follows that education and training can play a key role

in its development. More recently entrepreneurship is being viewed as a way of thinking and behaving that is relevant to all parts of society and the economy, and such an understanding of entrepreneurship now requires a different approach to training. The educational methodology needed in today's world is one which helps to develop an individual's mindset, behaviour, skills and capabilities and can be applied to create value in a range of contexts and environments from the public sector, charities, universities, social enterprises to corporate organisations and new venture start-ups.

2. REVIEW OF LITERATURE

Internal Motivational Factors

(i) Job Satisfaction

Job satisfaction is one of the most researched variables in the area of workplace psychology, and has been associated with numerous Psychosocial issues(the changing world of work)/organisational factors ranging from leadership to job design. Due the popularity of job satisfaction within the field of occupational and organizational psychology, various researchers and practitioners have provided their own definitions of what job satisfaction is. However, the two most common definitions describe job satisfaction as: “the pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values”; and “the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs “. In general, most definitions cover the affective feeling an employee has towards their job. This could be the job in general or their attitudes towards specific aspects of it, such as: their colleagues, pay or working conditions. In addition, the extent to which work outcomes meet or exceed expectations may determine the level of job satisfaction.

Maslow’s needs hierarchy theory was one of the first theories to examine the important contributors to job satisfaction. The theory suggests that human needs form a five-level hierarchy (Figure 2) consisting of: physiological needs, safety, belongingness/love, esteem, and self-actualization. Maslow’s hierarchy of needs postulates that there are essential needs that need to be met first (such as, physiological needs and safety), before more complex needs can be met (such as, belonging and esteem).

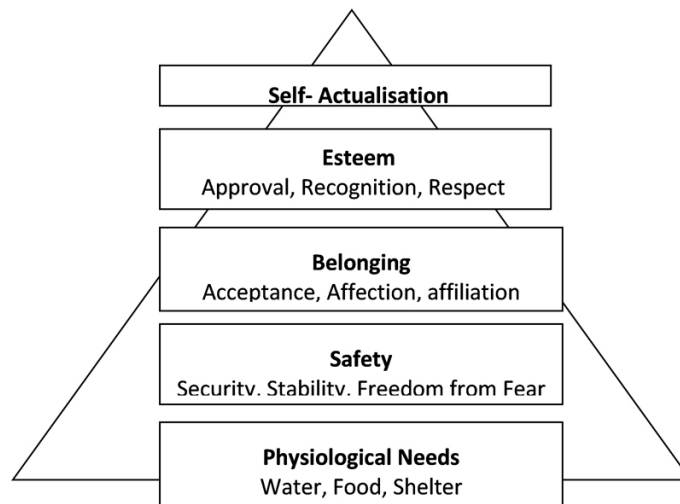


Figure 2: Maslow’s Five-level Hierarchy

Maslow's needs hierarchy was developed to explain human motivation in general. However, its main tenants are applicable to the work setting, and have been used to explain job satisfaction. Within an organisation, financial compensation and healthcare are some of the benefits which help an employee meet their basic physiological needs. Safety needs can manifest itself through employees feeling physically safe in their work environment, as well as job security and/or having suitable company structures and policies. When this is satisfied, the employee's can focus on feeling as though they belong to the workplace. This can come in the form of positive relationships with colleagues and supervisors in the workplace, and whether or not they feel they are a part of their team/organisation. Once satisfied, the employee will seek to feel as though they are valued and appreciated by their colleagues and their organisation. The final step is where the employee seeks to self-actualize; where they need to grow and develop in order to become everything they are capable of becoming. Although it could be seen as separate, the progressions from one step to the next all contribute to the process of self-actualization. Therefore, organisations looking to improve employee job satisfaction should attempt to meet the basic needs of employees before progressing to address higher-order needs. However, more recently this approach is becoming less popular as it fails to consider the cognitive process of the employee and, in general, lacks empirical supporting evidence. In addition, others have found fault with the final stage of self-actualization. The lack of a clear definition and conceptual understanding of self-actualization, paired with a difficulty of measuring it, makes it difficult to measure what the final goal is or when it has been achieved. *In general, when an employee has failed to get job satisfaction, at the top two stages of hierarchy, with the experience acquired, there is a greater possibility to become an entrepreneur.*

The number of individuals starting their own businesses and becoming entrepreneurs has been increasing over the last quarter century and is likely to become even more prevalent (Hundley, 2001). Paid work is one of the most central parts of an adult's life but there is a difference in how work is perceived between entrepreneurs and regular employees (Eden, 1975; Hundley, 2001). According to earlier research, entrepreneurs tend to experience more enriching job requirements, a higher measure of self-determination and freedom (Eden, 1975), more autonomy, control, and discretion when compared to regular employees (Stephan & Roesler, 2010). Even though entrepreneurs sustain higher workloads, job demands (Stephan & Roesler, 2010), longer hours, and more irregular schedules when compared with regular employees (Eden, 1975), they tend to experience a higher degree of well-being as well as job satisfaction (Lange, 2009; Stephan & Roesler, 2010).

(ii) Creative Ability

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

Drucker (1985) argued that innovation is the tool of entrepreneurship. In addition, both innovation and entrepreneurship demand creativity.

Creativity is a process by which a symbolic domain in the culture is changed. New songs, new ideas, new machines are what creativity is about Mihaly (1997). Creativity is the ability to make or otherwise bring into existences something new, whether a new solution to a problem, a new method or device, or a new artistic object or form. Wyckoff (1991) defines creativity as new and useful. It is the act of seeing things that everyone around us sees while making connections that no one else has made. Creativity is moving

from the known to the unknown. Culture exerts a negative force on creativity according to Pearce (1974), however, “were it not for creativity, culture itself would not have been created.”

No entrepreneur or enterprise, however successful and big, can continue to hold a place of leadership unless it recognizes that modern business operates in a world of galloping change which creates new problems, risk and opportunities and for which they have to mobilize the enterprise’s resources before changes make their impact felt. To do successfully, the entrepreneur and enterprise should know where this firm is going and how the firm will get there. This in turn requires a clear definition of the company’s business which will enable it to continually adopt operations to the realities of the market place, ‘the very corner stone of survival and growth’

Innovation is defined as adding something new to an existing product or process. The key words are adding and existing. The product or process has already been created from scratch and has worked reasonably well. When it is changed so that it works better or fulfils a different need, then there is innovation on what already exists. Innovation is the successful exploitation of new ideas. All innovation begins with creative ideas. Creativity is the starting point for innovation. Creativity is however necessary but not sufficient condition for innovation. Innovation is the implantation of creative inspiration. Creativity is marked by the ability to create, bring into existence, to invent into a new form, to produce through imaginative skill, to make to bring into existence something new. Creativity is not ability to create out of nothing (only God can do that), but the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good practical ideas that no one seems to have thought, of yet. (Harris, 1998).

Creativity is also an attitude, the ability to accept change and newness, a willingness to play with ideas and possibilities, a flexibility of outlook, the habit of enjoying the good, while looking for ways to improve it. Harris (1998).

A product is creative when it is “novel” and “appropriate”. A novel product is original, not predictable. The bigger the concept, and the more the product stimulates further work ideals, the more the product is creative (Stermbering and Lubart). Creativity requires passion and commitment. Out of the creative is born symbols and myths. It brings to our awareness what was previously hidden and points to new life. The experience is one of heightened consciousness-ecstasy”- Rollow May.

Creative thinking has various definitions. Okpara (2000) stated that it is the art of generating solution to problems by the force of imagination and reasoning. It is an activity of the mind seeking to find answer to some of life’s questions. In a dynamic and changing world, the challenges of people are also not static. They take on new forms and require a deep creative thinking approach. Every idea is a product of thinking and every product is the manifestation of idea naked in a thinker’s mind. These are people who see problems as opportunities to improve and do something new or something better, people who keep these two vital questions on their mind, “What can I do to make things better, or what can I do to make better things? This is the product of thinking. In making things better, the goals are usually to improve productivity And efficiency, achieve speed, enhanced comfort and convenience, influence returns positively, and so much more. While in making better things, thinking can produce various alternative leading making better things, thinking can produce various alterative leading to the evolution of a completely new idea, new production processes, or a total departure from the conventional. Whatever the goal, thinking is an indispensable tool

in the life of all successful entrepreneurs. Thinking begins with engaging yourself in a conversation with yourself by you, in yourself. That is to reach a conviction and conclusion as to what steps to take and what strategies to employ. It unveils every illusion around you.

There are great business opportunities in applying creative thinking to solving mankind's crying need for basic products and basic support services –better homes, better jobs, and a better way of life.

(iii) Ability to Compete

The behavioural, psychological, and demographic characteristics of entrepreneurs are usually mentioned as the most influential factors in the performance of small and medium-sized enterprises (SME).

Since Boyatzis (1982) defined a competency as an underlying characteristic in a person that is related by chance to a successful performance in a job, studies on competencies have increased in number and have spread to different management positions. The definitions of competencies vary from general perspectives (Burgoyne, 1988) to other more detailed and concrete ones (Parry, 1998). Competencies are defined as people's characteristics which enhance their performance or effectiveness at work. It seems logical, therefore, to believe that the roots of this competency approach lie in the identification and definition of the characteristics which define successful managers (Thomas & Herrisier, 1991) and in knowledge of the fact that these characteristics can be trained and developed (Parry, 1998).

What can be applied to managers' competencies could also be applied to entrepreneurs' competencies, the latter being obviously related to management competencies, as reflected in Boyatzis' work (1982). Entrepreneurship research has shown that entrepreneurial competencies have a positive impact on SME performance. Enterprises with managers who have high levels of entrepreneurial competencies tend to scan and manage the environment in which they operate in order to find new opportunities and consolidate their competitive positions (Covin & Miles, 1999). Many companies are formed because an entrepreneur knows that they can do a job better than others. They need to win at the business they create. An entrepreneur will highlight their own company's track record of success.

(iv) Inner Talent

Entrepreneurial talent is as complicated and odd as athletic and artistic talent. There is no entrepreneurial gene that helps people become adept at cash flow, marketing or coding. Entrepreneurs think differently; they ask provocative questions and approach businesses in a much more creative way. Entrepreneurs are entrepreneurial as differentiated from managerial or strategic, because they think effectually: they believe in a yet-to-be-made future that can substantially be shaped by human action. Everyone has their inner talent; some are great with handling people, some are more creative, some are great businessmen and some are a cocktail of all. The problem is to remain, develop and exert one's inner entrepreneur – one's entrepreneurial talent. Understanding and acknowledging one's inherent talents within one's field, will give oneself the best chances at succeeding as an entrepreneur.

(v) Self Esteem

Several research findings from different countries demonstrate that personality traits influence the venture creation propensity of individuals (Koh, 1996; Utsch and Rauch, 2000; Mueller and Thomas, 2001; Nga and

Shanmuganathan, 2010). Timmons et. al., (1999) in their book have mentioned more than twenty personality traits that are closely related with entrepreneurial potential and that may differentiate entrepreneurs from non-entrepreneurs.

One such personality trait is *self-esteem*. Rosenberg defines self-esteem as self-acceptance, feeling of competence, and positive attitude towards self (Zimbardo & Gerrig 2008). The ‘Social Learning Theory’ (Bandura,1971), describes self-esteem as prominent feeling of personal worth or worthiness (Rosenberg, 1965). Self-esteem is considered as an important human need that a person’s work role is a fundamental source of identity, an vital standard by which people evaluate their own value (Battle, 1981). Battle (1981) also implies that an individual’s ability to perform significant work influences a person’s view of productivity, performance, personal control, as well as role status.

Self-esteem is considered to be one of the basic psychological constructs related to the self. It is generally regarded as an evaluation in which people approve or disapprove themselves and make judgments about their selfworth (Rosenberg, Schooler, Schoenbach, & Rosenberg, 1995). Self-esteem also refers to the individuals’ judgments about the extent to which they own various characteristics or it is the way people perceive themselves, shapes human behavior and affects personal growth and development (Oguz & Korukcu, 2010; Baumeister, Campbell, Krueger, & Vohs, 2003; Mäkikangas & Kinnunen, 2003).

3. METHODOLOGY AND TOOLS USED

On the basis of the early studies, the questionnaire was developed by the investigator for the purpose of the research study. The internal motivational factors consist of five sub-factors namely job satisfaction, creative ability, compete with others, inner talent and self-esteem. The motivational scale consists of 5 pointed rating scale ranging from “Strongly agree” to “strongly disagree” and it is rated as 5, 4, 3, 2 and 1. The questionnaire on the Performance of SME was be made out of review of literature in the field on investigation. The total items in the questionnaire reveal the perception level of women entrepreneurs on SME. It has the response category of “Strongly agree” to “strongly disagree” and the numerical value assigned as 5 – 1.

The questionnaire was tested for reliability by using Test-Retest method. The data collected was subjected to reliability test by calculating coefficient of reliability during the phase of pilot study. Each item in the questionnaire is significant at a cut-off reliability co-efficient of 0.84.

4. SAMPLING

A sample of 200 women entrepreneurs in SMEs has been selected in the city of Hyderabad. The samples consist of women entrepreneurs of different age group. The present study used convenience sampling as the population is limited and scattered. This method had chosen the population conveniently from specific group of people from strata list. On the basis of information provided by the entrepreneurs in terms of expansion of business, increase in sales volume, increase in profits, etc., the SMEs are classified into performing and non-performing SMEs.

Hypothesis

H₁: There is significant association between internal motivational factors of women entrepreneurs and the performance of their SMEs.

Data Analysis

Table 1
Mean and *t*-value of Internal Motivating Factors of Women Entrepreneurs of Performing and Non-performing SMEs

<i>Internal Motivating Factor</i>	<i>Performing SME</i>		<i>Non-Performing SME</i>		<i>t-value</i>
	<i>Mean</i>	<i>SD</i>	<i>Mean</i>	<i>SD</i>	
Job satisfaction	57.4	3.34	19.44	3.76	5.28**
Total Mean			38.42		
Ability to compete	48.76	2.75	16.58	3.29	4.96**
Total Mean			32.67		
Creative ability	44.86	2.40	14.92	2.86	5.91**
Total Mean			29.89		
Inner talent	40.10	2.38	13.54	2.65	4.63**
Total Mean			26.82		
Self-esteem	36.22	1.82	12.16	2.52	5.87**
Total Mean			24.19		

** at 0.01 significant level

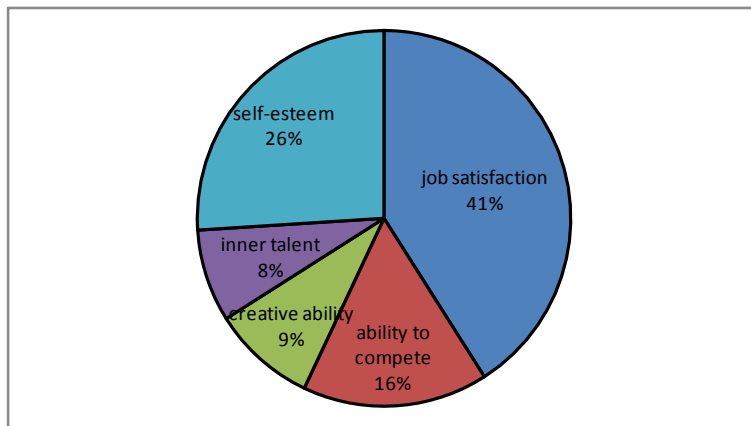


Figure 3: Percentage of Women Entrepreneurs who gave top priority among five Internal Motivation Factors

Interpretations

Table 1 clearly indicates that the women entrepreneurs of performing SMEs have obtained the higher mean of 57.4 suggesting that they have high job-satisfaction whereas the women entrepreneurs of non-performing SMEs have obtained the lower mean of 19.44 suggesting that they have low job-satisfaction as an internal motivating factor. The *t*-value 5.28 is also significant at 0.01 levels suggesting that there is a significant difference between women entrepreneurs running performing and non-performing SMEs in their job satisfaction as an internal motivating factor.

It also indicates that the women entrepreneurs of performing SMEs have obtained the higher mean of 48.76 as compared to non-performing SMEs in another dimension of internal motivation factors, the

ability to compete. The t -value 4.96 for the variable ability to compete is significant at 0.01 level suggesting that there is a significant difference between women entrepreneurs running performing and non-performing SMEs in their ability to compete as an internal motivating factor.

An observation of Table 1 states that the women entrepreneurs of performing SMEs have obtained the higher mean score 44.86 suggesting that they have high creative ability whereas the women entrepreneurs of non-performing SMEs have obtained the lower mean of 14.92 with an S.D of 2.86 suggesting that they have low creative ability as an internal motivating factor. The t -value 5.91 for the variable creative ability is significant at 0.01 levels suggesting that there is a significant difference between women entrepreneurs running performing and non-performing SMEs in their creative ability as an internal motivating factor.

It shows that the women entrepreneurs of performing SMEs have obtained the higher mean score 40.10 compared to non-performing SMEs. It shows that they have high inner talent. The t -value 4.63 is also highly significant at 0.01 level indicating that there is a significant difference between women entrepreneurs running performing and non-performing SMEs in their inner talent as an internal motivating factor.

It clearly indicates that the women entrepreneurs of performing SMEs have obtained the higher mean of 36.22 with an S.D of 1.82 suggesting that they have high self-esteem whereas the women entrepreneurs of non-performing SMEs have obtained the lower mean of 12.16 with an S.D of 2.52 suggesting that they have low self-esteem as an internal motivating factor. The t -value 5.87 for the variable self-esteem is significant at 0.01 levels suggesting that there is a significant difference between women entrepreneurs running performing and non-performing SMEs in their self-esteem as an internal motivating factor.

5. CONCLUSION

The job satisfaction women entrepreneurs have in running their SMEs units, their ability to compete with the competitors, their way of meeting challenges posed by their competitors, their creativity in adopting innovative processes, strategies in marketing, their innate potential in terms of inner talent and their self-esteem as they perceived in terms of their recognition in the society/business environment to which they belong to have motivated them to have consistent commitment in improving the performance of the SMEs they run.

The governments must provide constant support and congenial business environment through their policies, such as tax holidays, power subsidies, marketing facilities, export support etc., and training and development programs to improve their skills further to boost their morale further in order to improve the number of performing SMEs and wherever required experts may be appointed as consultants to provide constant support to the women entrepreneurs of non-performing SMEs.

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