

MBA in General Management, UWTSD

Module: LCMB7004 Entrepreneurship

Assessment 1

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Critically evaluate current perspectives of entrepreneurial motivation and examine how this can be influenced (or not) by the economic and cultural environment.

Introduction

Entrepreneurial motivation plays a pivotal role in the entrepreneurial process as motivation is necessary for entrepreneurship to achieve significant growth and success. In order to overcome the pressure, difficulties and different level of uncertainties in entrepreneurship, motivation are likely to be the key drivers in entrepreneurial behaviour. In this report, the current perspective of entrepreneurial motivation will be discussed. The various theories of entrepreneurial motivation will be analysed which are crucial for an entrepreneurial motivation. To find the opportunities in the market, an entrepreneur has to consider the economic and cultural factors at the same time. It is suggested that entrepreneurial motivation is an independent variable helps in analysing entrepreneurial motivation and behaviour (Stevenson and Jarillo, 2007).

A current perspective of entrepreneurial motivation

The entrepreneurial motivation is a way to motivate the entrepreneur for a higher level of effort for achieving the goals. In entrepreneurial motivation, the forces and drives in an entrepreneur help in guiding, intensity and persistence of entrepreneurs. In order to exert the level of effort which is intensity in some time is persistence for achieving the particular goal is the direction

for an entrepreneur. For the motivation of an entrepreneur, it is necessary to arouse action and sustain the activities and regulate the activities and their patterns. The current perspective of entrepreneurial motivation is to improve the entrepreneurial process. In an entrepreneurial process, motivation is a key driver for a change (Hechavarria and Reynolds, 2009).

Entrepreneurial motivation factors

There are various internal factors and an external factor which motivates entrepreneur to achieve the desired goals. Internal factors are to become independent, desire to do something new, experience and educational background. External factors that are included are government assistance and support, availability of labour and raw material. Internal factors include the optimism for entrepreneurial motivation (Barba-Sánchez and Atienza-Sahuquillo, 2017). It is essential to have a positive mindset for finding new business opportunities in critical situations. In a tough situation, positive mindset and attitude help to tackle the situation. An entrepreneur must be motivated with a positive attitude and mindset. A positive attitude is a crucial factor that helps an entrepreneur to motivate and become successful entrepreneur. It helps an individual to build constructive thinking in business (Lee, et al., 2011). The self-motivation for an entrepreneur is necessary to start and run entrepreneurship. In order to make effective decisions for entrepreneurship, an entrepreneur must feel confident in business development. Enthusiasm and commitment are better solutions for becoming an innovative entrepreneur and achieve success. The motivational factors in entrepreneurship are goal setting, risk-taking ability, tolerance for ambiguity, locus for control and self-efficiency. Tolerance for ambiguity is a motivation factor for an entrepreneur which helps in adding a tolerance level to adopt for an unpredictable nature in entrepreneurship (Van der Zwan, et al., 2016). A locus for control is the belief in an individual as their personal characteristics and actions. It can be internal or external. The external people believe that the result will be out of their control and internal people believe that personal action impacts the result. Risk-taking ability in entrepreneur must be strong as it is crucial in entrepreneurial process. In order to face the uncertainties an entrepreneur must be prepared in advance and activities which include the intermediate-risk helps in achieving the challenging goals. Goal setting is essential for an entrepreneur for improving the performance, innovation, and growth in business. Self-efficiency must be high in entrepreneurs as it will help them to give more effort for a longer time and can make better strategies and plan for accomplishing the tasks (Hopp and Stephan, 2012).

Importance of motivation for an entrepreneur

Motivation is an essential factor for an entrepreneur as it helps in achieving their desired goals and helps in achieving the objectives of entrepreneurship. It is important for high satisfaction and morale. To increase productivity, it is necessary for an entrepreneur to be motivated for contributing to organizational goals. Motivation helps in reducing absenteeism and turnover (Foyolle, et al., 2014).

Entrepreneurial motivation is classified into 3 categories which are entrepreneurial ambition is to make money. An entrepreneur must be motivated to creating opportunities and maximizing wealth and economic development. Entrepreneurship is to identify the strengths and opportunities in order to achieve for developing, designing and running a business effectively. The various motivational theories help an entrepreneur to fulfil higher needs such as recognition, esteem, and self-actualization.

Entrepreneurial motivation theories are sociological theories, economic theories, and psychological theories, cultural and motivational theories. For the entrepreneurial activities, the economic activities are the main motivator the entrepreneur. Incentives that are economic are industrial policy, taxation policy, and source of finance, marketing opportunities, technology and access to market conditions.

The sociological theory includes the behaviours of an individual. Society is influenced by religious belief, society values, taboos, customs. It is necessary for an entrepreneur to perform a role to meet the expectations of society. An entrepreneur must be an innovator as it will help to motivate them but the two abilities are ignored: Organising and Risk-taking abilities. It is essential for an entrepreneur to think innovatively and convert innovative ideas into successful entrepreneurship (Barba-Sánchez and Atienza-Sahuquillo, 2012). Entrepreneurship and innovation include the introduction of new product and introduction of new production method and it can be also opening of new market. The psychological theory includes the characteristics of the need for achievement and ability to facing opposition (Khanka, 2006). It is necessary to form characteristics by high standards of excellence and low father dominance.

In entrepreneurship, the economic theory includes the economic growth which takes place when the economic conditions are favourable. The main motivators are the economic incentives include industrial policies, taxation policy, and infrastructure availability. The economic environment helps in analyzing the investment and marketing opportunities and

helps in accessing the information about the technology and market conditions. It is necessary for an entrepreneur to be a risk-taker.

The goals for the entrepreneurial development are needed for the need for achievement, the need for power and need for affiliation. The need for achievement requires the desire for achieving the standard of excellence. Need for power is needed to motivate more power and authority for managing and supervising (Khanka, 2006). The need for affiliation is a desire to create and maintain a good relationship with others and avoiding conflicts with others.

For the motivation of an entrepreneur, the content theories are also the needs theories and process theories which include how the motivation occurs and the process is required for the motivation. Content theories include Maslow's need hierarchy, ERG theory, McClelland's theory and Herzberg's two-factor theory where process theories include the Vroom's expectancy theory, Skinner's reinforcement theory, and Adam's equity theory. Each theory is essential for an entrepreneur for success in entrepreneurship.

Maslow's need hierarchy theory

It is the most known theory of motivation in which Abraham Maslow has discussed the needs in five categories. It includes the hierarchy of basic psychological needs, safety and security needs, Belongingness, Self-esteem and self-actualization needs. Physiological needs are the basic needs for the survival of human being which includes the water, air, and food. Safety and security include the person's desire for protection and safety. It is necessary at the workplace to feel safe and have security about the job (Wasdani and Mathew, 2014). Safety includes the financial security, health, and personal safety. Belongingness and love is the integration of a social group. When the physiological needs and safety needs are satisfied, the love and belongingness are the needs that are necessary to be satisfied. It includes the receiving and giving of affections. Esteem needs include the valued, respected and appreciated by others. Esteem needs include the lower version and higher version. Self-actualization includes the desire to grow and develop.

Alderfer's ERG theory

In ERG theory, Alderfer has distinguished the needs into three classes: existence, relatedness, and growth. In existence need, physiological and safety needs of Maslow's are included and in relatedness is the belongingness and esteem needs where growth needs are the self-

actualization need of Maslow's. Alderfer's also stated that these needs are essential for an entrepreneur for motivation. Existence needs include the necessities which are basic needs for human beings (Shane, et al., 2003). Relatedness includes relationships with love and belongingness as it helps an entrepreneur to reach recognition and public fame. For the growth and development of an entrepreneur, it is necessary to fulfil the self-actualization need for self-development, advancement and personal growth in entrepreneurship. In ERG theory, the needs are not set in a hierarchy but they are considered as the range and they are very flexible also. In order to motivate effectively and efficiently, it is necessary to prioritize and sequence the needs (Marvel, et al., 2007).

Herzberg's two-factor theory

Herzberg's theory is the motivation-hygiene theory. There are various motivating factors that influence job satisfaction and hygiene factors influence dissatisfaction. An entrepreneur must be satisfied or not satisfied. Motivating factors include the need for personal growth and satisfaction in a job where hygiene factors include the dissatisfaction because of the working environment, safety, salary at the workplace. Hygiene factors include that an employee must not be dissatisfied, and motivation factors include the motivation for effective performance and satisfaction (Carsrud and Brännback, 2011). There are five job satisfaction factors for motivation are responsibility, advancement, achievement, work, and recognition and the job dissatisfaction for hygiene factors are supervision, salary, policy, and administration of company, working conditions and interpersonal relationships.

Maslow	Alderfer	McClelland	Herzberg
Physiological	Existence		Hygiene
Safety and security			
Belongingness and love	Relatedness	Need for Affiliation	
Self-esteem	Growth	Need for power	Motivators
Self-actualization		Need for achievement	

McClelland theory

In McClelland's theory, the needs which are required to fulfil our need for achievement, affiliation, and power. He stated that in every entrepreneur there are three motivating drivers and it is necessary to focus on existing needs satisfaction rather than developing and creating new needs. The three motivators in human beings are an achievement which includes accomplishment and demonstration competence. Affiliation is the need for relatedness, love, and belongingness. Power is to control own work or others' work (Thomas and Mueller, 2000).

Achievement motivation is a need for accomplishment. It includes the need for high standards, success, mastering of skills, and controlling. It also includes the range of actions and an individual has to achieve success and attain the challenges and realistic goals. In this theory, an entrepreneur can be influenced by external and internal drivers. Internal drivers are also known as intrinsic motivation and the pressure which is used to prospects others are the extrinsic motivation. When the need for achievement is low it means an entrepreneur wants to minimise the risk of failure and in high need for achievement. An entrepreneur chooses to do difficult tasks as it helps in reaching goals and developing the needs (Toma, et al., 2014).

Affiliation motivation is the need for belonging and relatedness. For effective leadership, an entrepreneur must have a high need for affiliation for interpersonal relationships. Power motivation includes the authority for motivation. It is necessary for entrepreneurship to lead and succeed in growth and development. A high need for power helps in increasing more productive in entrepreneurship.

Vroom's expectancy theory

In this theory, the content and process of motivation are emphasized. It is stated that people choose from the different available actions. In this theory, motivation is explained as the process which helps in governing the choices form the alternatives forms of behaviour. In this theory, motivation is driven by determining three factors expectancy, instrumentality, and valence (Segal, et al., 2005). Expectancy includes the belief of a person that extra effort always helps in getting success. Better performance and success can be achieved with the work hard. Instrumentality is when an entrepreneur believes that the activity and goals are connected with each other. Valence is the value of the reward, when an entrepreneur value the reward than

only the result can be achieved. In order to determine the motivation, expectancy, instrumentality and valence are connected with each other (Baum and Locke, 2004).



Is entrepreneurial motivation influenced by the economic and cultural environment?

The economic environment includes the economic factors which are external in the market. External factors influence the business and its operation. Economic factors can be microeconomic and macroeconomic factors. Microeconomic factors are suppliers, demand, competitors, distribution chain and market size. It influences entrepreneurship motivation in different ways and affects entrepreneurship. Macroeconomic factors are the interest rate, exchange rate, Consumers, inflation and saving rates. The economic factors that affects the growth in entrepreneurship influence entrepreneurial motivation. Capital is an important factor for an entrepreneur. It is necessary for entrepreneurship to have the raw material and goods available for production. Infrastructure is necessary for entrepreneurship for growth and development (Lichtenstein and Lyons, 2001). The cultural environment includes the beliefs, practices, behaviour which helps in entering into the target market. The economic environment includes the policies, labour policies, incentives, and subsidies, resources. The cultural environment includes consumer opinion, cultural structure and etc.. The skills which are required in entrepreneur are risk-taker, innovator, organization builder, and a resource assembler. It is necessary for an entrepreneur to be a leader. Managerial and leadership skills are required in entrepreneur for taking the effective decision (Lichtenstein and Lyons, 2001).

The cultural environment influences entrepreneurial motivation as it is necessary to follow the culture in the market. It is essential for an entrepreneur to implement the required culture as it helps in building confidence and growth in entrepreneurship. The cultural environment includes the development which influences personality and ideologies. Different aspects are

included in the cultural environment which influences the choices and behaviour of people (Renko, et al., 2012).

Conclusion

In order to conclude the report, it is analysed that entrepreneurial motivation is necessary for entrepreneurship for growth and development. The entrepreneur plays a crucial role in promoting and executing the business. The different theories of entrepreneurial motivation are relevant to the growth and development of business and help in improving and understanding the role of the entrepreneur. It is concluded that an entrepreneur must be motivated for the success of entrepreneurship. It is necessary for an entrepreneur to be self-confident, risk-taker and leader to motivate others also. Entrepreneurship is to identify the strengths and opportunities in order to achieve for developing, designing and running a business effectively.

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