

# An Analysis on Factors Motivating Local Entrepreneurs Towards Sustainable Livelihood in Wokha District

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## ABSTRACT

Entrepreneurs play a vital role in an economy as agents of economic growth. They create mechanism that connects different sections of society by enhancing the transmission of goods and services from one end to another. Studies on motivational factors confirms the importance of the role of motivational factors in determining the nature and types of enterprises entrepreneurs would choose to take up. The study reveals that internal motivation ( $p < 0.5$ ) has far greater impact on the entrepreneurs than the external factor. Desire to be self employed and attain financial independence are the most important personal motives driving individuals towards entrepreneurship. Encouragement from family and relatives is found to be an important external factor influencing entrepreneurial success.

**Keywords:** Entrepreneurship, Entrepreneurs, motivational factors, internal factors, external factors.

## INTRODUCTION

Schumpeter (1934) has defined, “Entrepreneur in an advanced economy as an individual who introduce something new in the economy—a method of production not yet tested by experience in the branch of manufacturing, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like”.

In underdeveloped economies entrepreneurs are normally not ‘innovators’ but are only ‘imitators’ who would imitates the organization, technology and products of the innovators from the developed regions. The term entrepreneur is gradually more referred to those individuals who are determined, self-confident, innovative and sales oriented personality, having good knowledge of the trends and with the ability to create reality out of their vision (Colombo Plan Staff College 1998).

The term, ‘motivation’ is derived from the Latin word ‘movere’ meaning “to move”. It means to move from present situation to better situation. Motivation plays an important role in determining the level of achievement in an endeavour. It is the driving force that pushes a person into a directed path or course of action. The role of motivation is to extend and strengthen the aspiration in a person to work efficiently and proficiently (Weiner, 1992).

Kuratko, Hornsby and Nafziger (1997) argued that to understand the entrepreneurial process one needs to identify the motivation behind entrepreneurs’ decisions. Studies conducted on motivational factors confirms the importance of the role of motivational factors in determining the nature and types of enterprises entrepreneurs would choose to take up.

The results revealed that there are linkage between motivation factors and entrepreneurship as well as some ties between entrepreneurship, motivator factors and the antecedents, especially concerning gender, age and family background.

Motivation levels of employees has a direct influence on the individual output and further more on the level of output of a team of employees (Roja & Avamvereeikul, 2000; Butler, 1999). There can be varieties of factors that motivate a person to start an enterprise. These factors are normally divided into personal or internal and environmental or external factors. Motivational factors can be either internal or external to the entrepreneur (Kuratko et al., 1997; Robichaud et. al, 2001).

## **THEORETICAL FRAMEWORK**

Stefanovic, et al. (2010) analyzed the motives of entrepreneurs starting their own business and to determine factors that affect the success of SMEs. It was found that there was a lack of motive concerned with sustainable development of enterprise in a long run. On the other hand, there is a variety of different success factors affecting entrepreneurs, which primarily depend on the current situation in the local environment.

Stefanovic, et al. (2013) in a study with the objective to understand the entrepreneurs' features, motives and problems faced by the entrepreneurs, found that greater business achievement, independence, intrinsic factor and job security were the common motivational factors.

Zimmerman, M and Chu, H. (2013) *examined* motivations of entrepreneurs in Venezuela and found that the desires of the entrepreneurs to be recognized as an owner of an enterprise and to contribute to their personal income were found to be important motivational factors for the entrepreneurs.

Alfoqahaa, S. (2018) in his paper examined the motivations behind the success of Small and Medium enterprises (SMEs) in Palestine and found that brand reputation, desire to give better customer services and reliable delivery had a strong influence on success of the small and medium entrepreneurs.

Zannierah S. Sharifah et al. (2013) found that factors influencing young entrepreneurs are monetary and non-monetary reward, work expertise, personal background, zeal for work, networking family encouragement and team work.

P. R. Kalyani and Kumar M. D (2011) analyzed what motivates women entrepreneurs to take up small scale enterprises. The study reveals that entrepreneurial education is very vital to influence the entrepreneurs.

Staniewski, M and Awruk, K. (2019) found that there was no significant motivational difference in terms of gender. In terms of age, younger entrepreneurs face more barrier then the older entrepreneurs. The study suggests for proper financial assistance at the initial stage.

Yitshaki, R and Kropp, F (2015) in their study explored the motivations and opportunity recognition patterns of 30 Israeli social entrepreneurs (SEs). They identified two types of motivational factors- pull factors and the push factors. It was found that entrepreneurs were motivated more by pull factors than push factors.

Rathna, C. et al. (2016) found that the economic independence is a more compelling motivational factor encouraging the women entrepreneurs than other factors such as social status, enhancing family business etc.

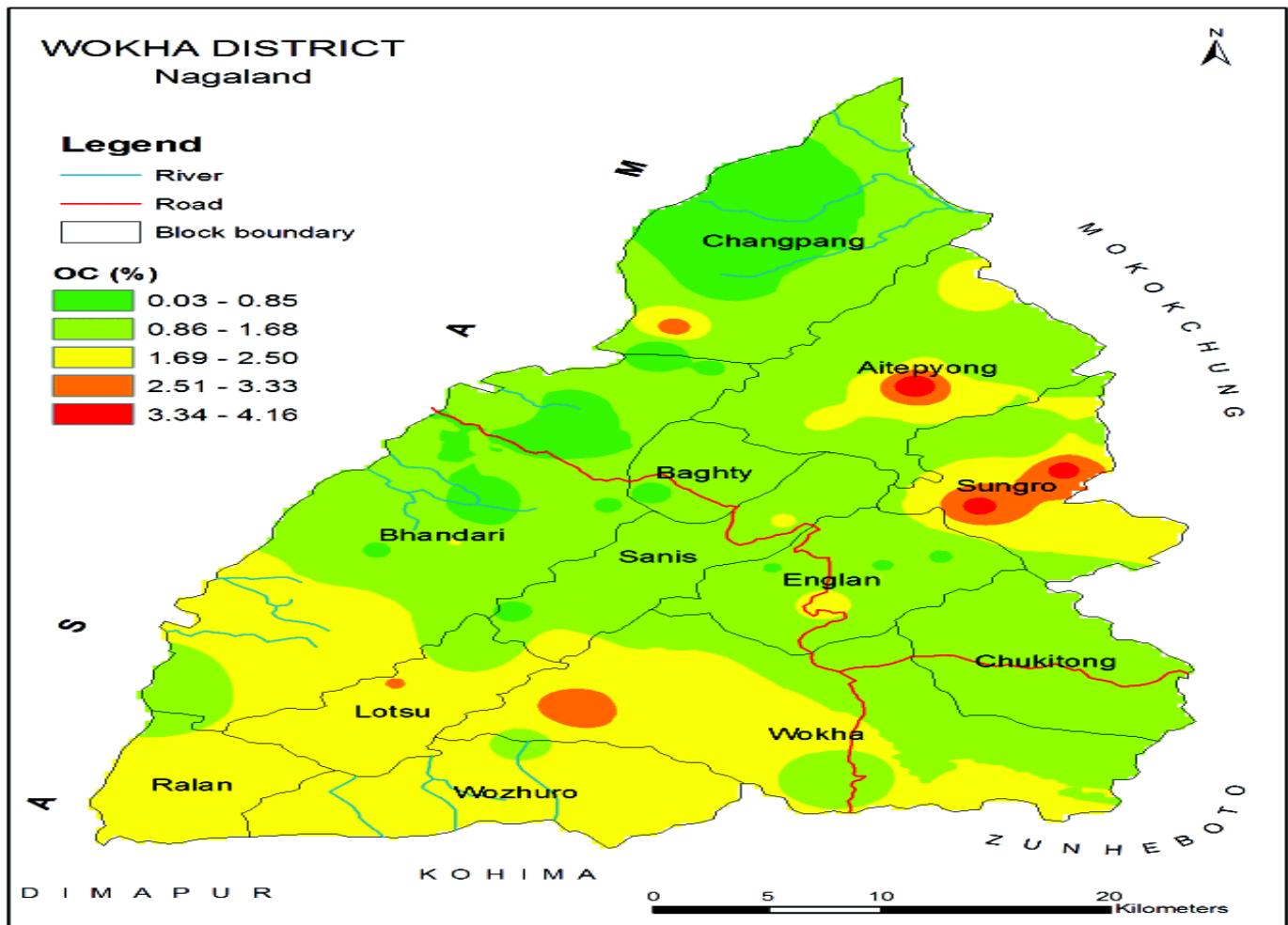
## **Wokha District**

Wokha which literally means '*Census*' is one of the hill districts of the Nagaland situated at 26.1° North Latitude and 94.27° East Longitude, with area of 1628 sq. kms (census 2011)<sup>1</sup>. Wokha is basically divided into three ranges – upper, middle and lower range.

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<sup>1</sup> District Administration Wokha (n.d), *About District*. Available at: <https://wokha.nic.in/about-district/>

According to 2011 census, Wokha has a population of about 166343, out of which about 131339 lives in the rural areas and 35004 lives in the urban areas with an average density of population of about 102 per sq. km (census 2011)<sup>2</sup>.



**Fig.1: Map of Wokha**

Agriculture is the main occupation in Wokha as more than 60 percent are still employed in farming (census2011). Wokha is also known as the *Land of Plenty* for its richness in agricultural products. Some of the chief agricultural crops are rice, maize, sugarcane, soyabean, rapeseed and mustard. While some of the important vegetables items are chilli, brinjal, tomato, ginger, peas, cucumber and squash<sup>3</sup>. There has been a shift from subsistence to a more commercial way of farming over the years.

Entrepreneurial situation in the districts is still in its initial and primary state. Entrepreneurial intentions are more inclined towards survival rather than innovation and progress.

### Methods and Techniques

The present study is based on a primary data collected on factors motivating the local entrepreneurs in Wokha.

<sup>2</sup> Nagaland of Statistical hand book (2022), *Population by district, rural- urban and Sex-ratio according to 2011 census*, Directorate of Economics and statistics, Government of Nagaland.

<sup>3</sup> District Humna development report Wokha (2013), *GOI-UNDP PROJEC, Bridging Inequalities towards Human development*, Department of Planning and coordination, Government of Nagaland.

- **Likert scale:** The data were analysed using *Likert scale* to understand the vital factors motivating the entrepreneurs. The scales are defined as ‘*Strongly Agreed*’ for 5 points, ‘*Agreed*’ for 4 points, ‘*Undecided*’ for 3 points, ‘*Disagree*’ for 2 points and ‘*Strongly disagree*’ for 1 point.
- **F-Test:** *F-test* has been used to test the statistical significance of the impact of the factors (*internal and external*) motivating the entrepreneurs.

## RESULT AND DISCUSSION

### Internal factors motivating local entrepreneurs

For the purpose of the study fifteen internal factors were derived to better understand the factors motivating the local entrepreneurs internally.

**Table No.1 Internal Factors Motivating Local Entrepreneurs**

Internal factors	Wokha
Self Employed/ independence	4.58
Desire to Earn Income/money	4.42
Managing one-self	4.20
Desire to be an entrepreneur	4.07
Competitive nature	3.68
Risk taking attitude	4.08
Willingness to innovate.	3.83
Possession of skill	3.86
Unemployment	3.34
Dissatisfied with my previous job	2.45
No alternative means to earn livelihood	2.92
Use of idle assets/wealth	2.49
Social recognition	3.08
Contribute to society	3.92
Family business responsibility	2.48
<i>Average</i>	<i>3.56</i>

It is found that the factor self employment is found to be the most important internal factor motivating the entrepreneurs with a mean score of 4.58. Also the desire to earn income/money is another important internal factor with a mean score of 4.42. Some of the other factors with higher mean values are managing oneself with a mean score of 4.20, desire to be an entrepreneur with a mean score of 4.07 and risk taking attitude with a mean score of 4.08. While those factors with lesser mean score are; dissatisfied with my previous job with a mean score of 2.45; Family business responsibility with a mean score of 2.48; Use of idle assets/wealth with a mean score of 2.49 and No alternative means to earn livelihood with a mean score of 2.92. The average mean values are found to be 3.56. It is seen that self employment and desire to earn income are the most important factors motivating the entrepreneurs internally.

### External factors motivating local entrepreneurs

For the purpose of the study twelve external factors were derived to better understand the factors motivating the local entrepreneurs externally.

**Table 2 External Factors Motivating Local Entrepreneurs**

External factors	Wokha
Easy access to banks and others finances/loans	3.14
Family/relatives Encouragement	3.68

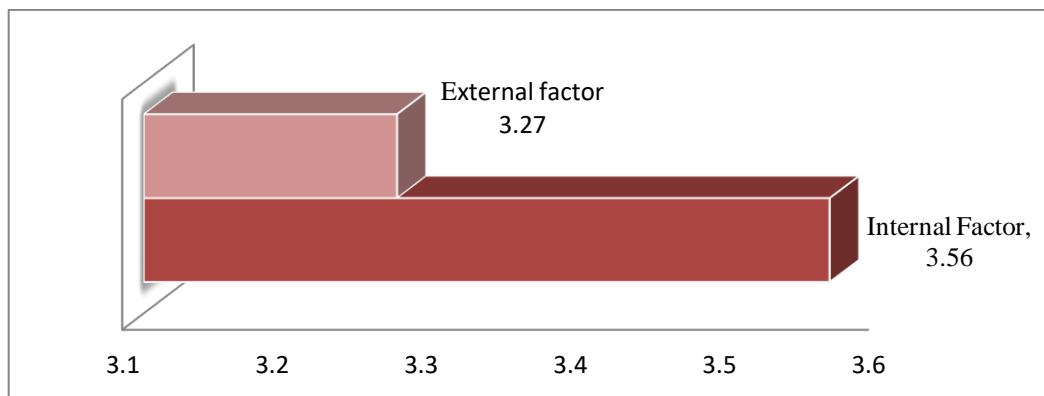
High demand for this business/product	3.21
Market Accessibility	3.41
Only few of this business in the area	3.54
Scarcity of job	3.24
Location advantage	3.27
Better power supply	3.07
Friends influence	3.01
Influence of migration to the city/town me	2.97
Accessibility to transportation	3.37
Conducive business environment	3.38
<i>Average</i>	<i>3.27</i>

The above table shows the external factors motivating the entrepreneurs with respect to district. It is found that the factor encouragement from family/relatives is the most important external factor motivating the entrepreneurs. Followed by only few of this business in the area with a mean score of 3.54.

Some of the other factors with higher mean values are conducive business environment with a mean score of 3.38, high demand for this business/product with a mean score of 3.21, fewness of this business in the area with a mean score of 3.54. On the other hand, the less motivating factors are found to be, influence of migration to the city/town me with a mean score of 2.97, better power supply with a mean score of 3.07 and easy access to banks and others finances/loans- with a mean score of 3.14. The average mean values are found to be- with a mean score of 3.27. Result shows that encouragement from the family, location advantage and accessibility to transportation are important external factors motivating the entrepreneurs.

**Mean score and f-test of the motivational factors**

**Fig.1 Average mean score of Internal factors and External factors**



The figure below shows the average mean score difference between internal and external factors for Wokha District. The average mean score of internal factors is 3.56 while average mean score of the external factors is 3.27 for Wokha District.

**Table: 4.14 F-test of Internal and external factors- Wokha District**

Factors	Mean	Variance	N	df	f	F Crit.	p-value.
Internal	3.56	0.52	15	14	11.37	2.74	0.00
External	3.27	0.05	12	11			

F-test also reveals that there is a significant difference between internal and external factor as  $f = 11.37$  ( $f > F$ ) which is significant at 0.000 level. This confirms that entrepreneurs are motivated more by internal factors than external factors in Wokha district.

## CONCLUSIONS

Entrepreneurs as agents of change and progress play a vital role in an economy. They create mechanism that connects different sections of society by enhancing the transmission of goods and services from one end to another (*Drucker, 1985*). Value creation is another important role entrepreneurs play in a society. As the market expands, services get diversified and the demand for values increases, consequently, entrepreneurs converts these opportunities into profitable ventures gathering to the needs of the society (*Hisrich, Peters and Sheperd, 2017*). By way of innovation, entrepreneurs introduce new values into the economic system, which further creates markets and accelerates the process of economic growth. Schumpeter (1942) in his theory of innovation called this dynamic process as '*Creative Destruction*'.

Since entrepreneurs operate under conditions of risks and uncertainty in pursuit of profit (Knight, 1921), it is found important to have the right motivation to sustain in the business over the long term. The study reveals that internal motivation ( $p < 0.5$ ) has far greater impact on the entrepreneurs than the external factor. Desire to be self employed thereby achieve financial independence, is an important personal motive driving individuals towards entrepreneurship (*McClelland 1961; Shane, Locke and Collin, 2003*). This points to the fact that the key motivation in this highly competitive and risky business is to have a strong personal desire to succeed.

Encouragement from family and relatives is found to be an important external factor influencing entrepreneurial success. This indicated that moral support from close relatives is an essential factor to help entrepreneur manage stress and business pressure in their entrepreneurial journey (*Aldrich and Cliff, 2003; Mathew and Moser, 1996*). Some of the other influential factors includes easy access to banking and others finances assistance (*Beck and Demirguc-Kunt, 2006*), market accessibility and a conducive business environment (*Acs and Audretsch, 2005; north, 1990*).

Thus, this reveals that both internal and external entrepreneurial motivations play a crucial role in shaping an individual into an effective and successful entrepreneur – an agent of economic growth and social transformation.

### Declaration Statement

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