

Entrepreneurship Development and Business Communication

Course code: ASEE3103

Credit: 2(1+1)



Centurion
UNIVERSITY

1. Factors Affecting Entrepreneurial Growth

The emergence and development of entrepreneurship is not a spontaneous one but a dependent phenomenon of economic, social, political, psychological factors often nomenclature as supporting conditions to entrepreneurship development.

1. Economic factors:

- i. *Capital:* It is one of the most important prerequisites to establish an enterprise. Availability of capital facilitates the entrepreneur to bring together the land, machine and raw material to combine them into produce goods. So, capital can be called as lubricant to the process of production.
- ii. *Labour:* The quality rather quantity of labour is another influential factor of emergence entrepreneurship. It is noticed that cheap labour is often less mobile or even immobile.
- iii. *Raw materials:* In absence of raw materials, neither any enterprise can be established nor an enterprise can emerged.
- iv. *Market:* The size and composition of market both influence entrepreneurship in their own ways. Monopoly in a particular product in market becomes more influential for entrepreneurship than a competitive market. German and Japan as the prime examples where rapid improvement in market was followed by rapid entrepreneurial appearance.

2. Non-Economic Factors: Sociologist and psychologist advocate that economic factors may be necessary conditions, but they are not sufficient conditions for the appearance of entrepreneurship.

- i. Social conditions:
 - a. Legitimacy of Entrepreneurship: It is the degree of approval and disapproval granted entrepreneurial behaviour influences its emergence and characteristics if it does emerge
 - b. Social Mobility: the degree of mobility, both social and geographical, and nature of mobility channels within a system.
 - c. Marginality: Individuals or groups on the perimeter of a given social system or between two social systems provide the person to assume the entrepreneurial roles.
 - d. Security: if individuals are fearful of losing their economic assets or of being subjected to various negative sanctions, their intrusive entrepreneurial behaviour help to reduce insecurity.

- ii. Psychological Factors:
 - a. Need Achievement: If the average level of need achievement in a society is relatively high, one would expect a high amount of entrepreneurship development in that society.
 - b. Withdrawal of Status Respect: The withdrawal of status respect of a group to the genesis of entrepreneurship. It would give rise to four possible reactions and create four different personality types:
 - Retreatist: who continues to work in a society but remains different to his work and position.
 - Ritualist: who adopts a kind of defensive behaviour and acts in the way accepted and approved in his society but no hopes of improving his position.
 - Reformist: he is a person who foments a rebellion and attempts to establish a new society.
 - Innovator: he is a creative individual and is likely to be an entrepreneur.
- 3. Government actions: By creating basic facilities, utilities and services and by providing incentives and concessions, the govt. can provide the prospective entrepreneurs a facilitative socio-economic setting.

2. Entrepreneurial Motivation

CONCEPT

The term ‘motivation’ derived from word ‘motive’. Motive may be defined as an inner state of our mind that moves or activates or energizes and directs our behaviour towards our goals. Motives are expressions of a person’s goals or needs.

According to Dalton E. McFarland, “motivation refers to the way in which urges, drives, desires, striving aspirations or needs direct, control or explain the behaviour of human-being”.

There are three basic elements of the process motivation i.e., i) motive, ii) behaviour, iii) goal,

Goals are a form of self-regulation adopted by humans to achieve specific aims,

Behaviour is an organism’s activities in response to external or internal stimuli, including objectively observable activities, introspectively observable activities, and nonconscious processes.

Psychologists often classify behaviors into two categories: overt and covert. *Overt behaviors* are those which are directly observable, such as talking, running, scratching or blinking. *Covert behaviors* are those which go on inside the skin. They include such private events as thinking and imagining.

MOTIVATION THEORIES:

Human motivations are often triggered by human needs and human nature. Maslow’s Need Hierarchy Theory and McClelland’s Acquired Need Theory are relevant to explain entrepreneurial motivation

Maslow’s Need Hierarchy Theory: The human needs are classified into five sequential need clusters from lower to higher and once the lower order needs are satisfied than those no longer motivates the individual, these are;



Maslow’s Need Hierarchy theory



Fig: Process of Motivation

i. Physiological Needs: Entrepreneurs being a human need to meet their physiological needs for survival. Hence, they are motivated to work in the enterprise to have economic rewards to meet the basic needs.

ii. Safety and security needs: These needs find expression in such desires as economic

- security and protection from physical dangers.
- iii. *Social needs*: Man is a social animal. An entrepreneur is motivated to interact with fellow entrepreneurs, his employees and others.
- iv. *Esteem needs*: these needs refer to self-esteem and self-respect. In case of entrepreneurs, the ownership and self-control over enterprise satisfies their esteem needs by providing them status, respect, reputation and independence.
- v. *Self-Actualisation*: The term 'self-actualisation' was coined by Kurt Goldstein and means to become actualized in what one is potentially good at. An entrepreneur may achieve self-actualization in being a successful entrepreneur.

The process of need satisfying behaviour goes on till the last need. For, entrepreneur it is mostly social, esteem and self-actualisation needs which motivate them to work more and more for satisfying them.

McClelland's Acquired Need Theory:

According to David McClelland, a person acquires three types of needs as a result of one's life experience.

- i. *Need for Affiliation*: these refer to needs to establish and maintain friendly and warm relations with others.
- ii. *Need for power*: these mean the one's desire to dominate and influence others by using physical objects and actions.
- iii. *Need for achievement*: This refers to one's desire to accomplish something with own efforts. This implies one's will to excel in his/ her efforts.

Motivating Factors:

Sharma classified all the factors responsible for motivating entrepreneurs

1. *Internal factors*:
 - a. Desire to do something new
 - b. Educational background
 - c. Occupational background or experience
2. *External factors*:
 - a. Government assistance and support
 - b. Availability of labour and raw material
 - c. Encouragement from big business houses
 - d. Promising demand for the product.

Another classification by Murthy *et al.* entrepreneurial motivation to start a business entrepreneurship:

1. Ambitious factors
2. Compelling factors
3. Facilitating factors