

Regional differences in entrepreneurial motives: A case of Kerala

¹ Dr. Shacheendran V, ² Dr. Tomy Mathew

¹ Head & Assistant Professor, PG Department of Commerce, GPM Govt College, Manjeswar, Kasaragod District, Kerala, India

² Head & Associate Professor, Department of Commerce, CMS College, Kottayam, Kerala, India

Abstract

Entrepreneurs are considered as engine of economic growth. They are the central force of economic development in any region. Hence inspiring the individuals towards entrepreneurship assumes great significance. The agencies promoting entrepreneurship focus on entrepreneurial motives of individuals, to attract the potential candidates towards entrepreneurship. Understanding the true motives of individuals for pursuing entrepreneurship as a career choice will help the govt. and other promotional institutions to attract the persons in a right direction to the entrepreneurial ventures. It is often believed that entrepreneurs in a state/country, which is governed by the same set of rules, regulations and policy interventions throughout, are having same or similar entrepreneurial motives. However an empirical study proves that there are regional differences in the entrepreneurial motives.

Keywords: entrepreneurs, entrepreneurial motives, northern region, southern regions, Kerala

1. Introduction

Economic growth and development requires vibrant and visionary participation of entrepreneurial community. It is seen as a key to economic development in many countries across the globe (Zahra 1999). Entrepreneurship promotes innovation, engenders competition, creates employment and thus contributes to economic wealth and spending power (Guasch, Kuznetsov and Sanchez 2002). According to Global Entrepreneurship Monitor Report (2000), 'about 70 percent an area's economic performance is dependent upon how entrepreneurial the area's economy is'. Entrepreneurship in the form of micro, small and medium enterprises enable inclusive development in an economy.

In order to develop any economy, mere existence of physical resources is not sufficient, rather competent human resource is also inevitable. Unless initiative is taken to organise and combine the resources into productive purposes, they will remain unutilised or underutilised. Human being, by efficiently utilising various resources, acts as the central force of industrialisation and economic development. Such persons are known as entrepreneurs. The word entrepreneur is derived from the French word 'entreprendre', which means 'to undertake'. The term entrepreneur refers to the individual or individuals who may attempt or who are attempting to found a business. . . ' (Learned 1992, 2). He is a person who conceives a business opportunity, evaluates its techno-economic feasibility, and implements the project by combining different factors of production such as land, labour capital etc., and run the project idea. Vibrant entrepreneurs become the agents of change and dynamism in an economy. They create goods and services, employment opportunities and assign productive uses for various resources. They create combination of various resources for better economic advantages along with assuming risks and responsibilities. They contribute significantly to an economy by playing an active role in capital formation, creation of employment opportunities, promoting balanced regional development, efficient and effective utilisation of scarce resources, mobilisation of capital and skills, creation of

forward and backward linkages, contributing to gross domestic product and per capita income, and improving standard of living of people. They assume the role of risk taking, organising and innovating.

2. Entrepreneurial Motives- Literature Review

According to Maslow's (1954) ^[13] Theory of Hierarchy of Needs, only unsatisfied needs can motivate the individuals for action. Hence understanding what motivate the individuals to start and run enterprise will help various promotional agencies to design their entrepreneurship promotion strategies on those lines.

An individual may choose to become an entrepreneur for a variety of reasons. The reasons can be broadly classified as follows;

- a) Monetary motives- It includes earning income for living, accumulation of wealth etc.
- b) Non-Monetary motives- It includes motives such as 'to remain as own boss', 'to be independent', 'to lead others', 'gaining social status and prestige', 'developing good social network', 'creating employment opportunities in the society' etc.

Swunney and Runyan (2007) ^[16] state that generating income and creating own job and prop up from family and friends are the most important factors motivating the people to become successful entrepreneurs. Kalyani and Kumar (2011) ^[10] found that the aspirations of women and men are similar. Swierczek and Ha (2003) ^[15] concluded that SME owners in Vietnam are motivated more by challenge than that by security. Challenge and achievement are significantly more important motivators than necessity and security. Aravinda and Renuka (2001) conclude that self-interest in a particular area of enterprise and inspiration from others' success motivated women towards entrepreneurship. Jayasree and Kalamony (2000) ^[9] have commented that generation of additional income and unemployment are the motivating factors for women entrepreneurship. Manimala (1999) ^[12] stresses that individual is the most important factor that determines performance and

growth of an enterprise. Govindappa (1992) [8] reveals that entrepreneurs were motivated by a strong desire to earn more money in order to improve their living conditions. Scholars including Nafziger's (1988), has argued that entrepreneurial motivations differ among individuals.

3. Northern and Southern Regions of Kerala

The study has been conducted in Kerala State. Kerala State, formed in first November 1956, is one of the smallest States in India along the Malabar Coast of the Arabian Sea, covering a geographical area of 38863 Square Kilometer (Sq. Km) which is only 1.18 percent of the Indian Union but accounts for 2.76 per cent of the total population. The State accommodates a population of 334,06,060 (Males 160,27,410 and Females 173,78,650) (2011 Census). The State has the highest literacy rate of 94 per cent among Indian states. Prior to the formation of Kerala state in 1956, there were two distinct regions (princely states) viz., Travancore-Cochin and Malabar. Hence the present study has classified the State into the northern (Malabar) and southern (Travancore- Cochin) regions. The southern Region (erstwhile Travancore-Cochin Region) consisting of Thiruvananthapuram, Kollam, Pathanamthitta, Alappuzha, Idukki, Kottayam, Ernakulam and Thrissur, and The northern Region (erstwhile Malabar Region) consisting of Palakkad, Wayanad, Kozhikode, Malappuram, Kannur and Kasaragod.

4. Methodology

4.1 Objectives of the Study

1. To identify the major motives of individuals to become an entrepreneur in the Northern and Southern Regions of Kerala.
2. To examine whether there is any regional difference among the individuals to become an entrepreneur in Northern and Southern Regions of Kerala

4.2 Hypotheses of the study

The major motives for individuals to start an enterprise are different in the northern region as compared to that in the southern region.

H₀: There is no significant difference in the major motives for a person to become an entrepreneur in the northern and southern regions of Kerala.

H₁: There is significant difference in the major motives for a person to become an entrepreneur in the northern and southern regions of Kerala.

4.3 Sampling Procedure

Sampling method is followed for collecting primary data. The population of the study is the entrepreneurs in MSMEs in these two regions. The study is analytical in nature. It is based on both primary data. It is empirical in nature based on survey method. Primary data are collected through an interview schedule. A pilot study was conducted to examine the limitations of the research plan and to test the validity of the questionnaire.

The entrepreneurs of MSMEs who registered their enterprise with DICs on or before 31st March 2012 constitute the sampling frame. Multi stage random sampling was used for choosing the sample. Simple random sampling method three districts are selected from the northern Region (Palakkad, Kasaragod and Kannur) and three districts from the southern

Region (Thiruvananthapuram, Kottayam and Ernakulam). Lottery method is adopted for getting the sample districts. From the randomly selected sample districts, the total 300 sample entrepreneurs are selected. The 50 entrepreneurs are selected from each of the selected districts so that 150 entrepreneurs were selected from a region. Thus the total sample size of entrepreneurs selected from the two regions will become 300. Simple random sampling method, using the entrepreneurs list provided by the district offices of DICs, was adopted to choose entrepreneurs from each district. In case the selected entrepreneurs are not available for survey, even after repeated attempts to contact them, the required sample size is completed by choosing necessary additional number of entrepreneurs from the list, randomly.

4.4 Method of Data Analysis

The primary data collected from the entrepreneurs are edited, classified, tabulated and analysed with the help of computer software 'Statistical Package for Social Sciences' (SPSS). For statistical analysis, ranking technique and percentages are used, along with Pearson Chi-Square test, for testing hypothesis. The tables are used to present various data.

4.5 Period of the Study

The pilot study is conducted among 30 entrepreneurs in the northern and southern regions of Kerala for a period of two months from December 2012 to January 2013. The primary data are collected using the questionnaire from 300 entrepreneurs from April 2013 to November 2013.

4.6 Variables used in the study

The following variables are used for the study;

In order to identify the entrepreneurial motives for persons to become an the statements used are 'to get income for living, to become independent', 'to become wealthy by earning profits', 'for social status and prestige', 'to utilise my prior knowledge /skills', 'to avail government incentives/subsidies', 'desire to create something new', 'desire to undertake risky ventures', 'to fulfil ambition of my parents', 'to keep myself busy and engaged', 'because all my efforts to get a job failed' and 'to create employment opportunities in society'.

4.7 Limitations of the study

The following are the major limitations of the study

1. Since the study is based on the primary data collected from the entrepreneurs in the northern and southern regions of Kerala, the accuracy of the responses given by them will influence the reliability of the findings also. The responses may have also affected by personality related factors like attitude, honesty etc.
2. Sampling method is adopted for the study. In order to complete the research in a time bound manner, the study had limited the number of sample districts to three per region. Since there may be inter district differences in a region, the findings based on the study of only three districts per region, may influence its generalisability.

5. Analysis and Findings

In the study, ranking technique is used to identify the most motivating factors for becoming an entrepreneur in the northern and southern regions of Kerala.

- **Alternate Hypothesis (H₁):** There is significant difference

in the major motives for a person to become an entrepreneur in the northern and southern regions of Kerala.

- **Null Hypothesis (H₀):** There is no significant difference in the major motives for a person to become an entrepreneur in the northern and southern regions of Kerala.

The Pearson Chi-Square Test is used to examine the significance of difference in ranking of the factors. The table 1 shows the motives for a person to become entrepreneur in the northern and southern regions of Kerala.

Table 1: Motives for a Person to Become an Entrepreneur in the Northern and Southern Regions

Factor	First		Second		Third		Chi-Square (*p value)
	North	South	North	South	North	South	
1 To get income for living	75 (50)	10 (6.7)	10 (6.7)	14 (9.3)	8 (5.3)	6 (4)	73.082 (*p=0.00)
2 To become independent	6 (4)	79 (52.7)	24 (16)	12 (8)	16 (10.7)	7 (4.7)	87.549 (*p=0.00)
3 To become wealthy by earning profits	8 (5.3)	6 (4)	54 (36)	4 (2.7)	7 (4.7)	11 (7.3)	55.249 (*p=0.00)
4 For social status and prestige	7 (4.7)	6 (4)	4 (2.7)	5 (3.3)	57 (38)	11 (7.3)	40.382 (*p=0.00)
5 To utilise my prior knowledge /skills	19 (12.7)	6 (4)	11 (7.3)	7 (4.7)	5 (3.3)	9 (6)	9.487 (*p=0.02)
6 To avail government incentives/ Subsidies	4 (2.7)	2 (1.3)	5 (3.3)	3 (2)	1 (0.7)	4 (2.7)	2.97 (*p=0.39)
7 Desire to create something new	4 (2.7)	8 (5.3)	5 (3.3)	56 (37.3)	7 (4.7)	12 (8)	60.571 (*p=0.00)
8 Desire to undertake risky ventures	5 (3.3)	12 (8)	2 (1.3)	19 (12.7)	5 (3.3)	9 (6)	9.304 (*p=0.03)
9 To fulfil ambition of my parents	6 (4)	4 (2.7)	5 (3.3)	19 (12.7)	8 (5.3)	9 (6)	9.304 (*p=0.03)
10 To keep myself busy & engaged	5 (3.3)	7 (4.7)	16 (10.7)	4 (2.7)	5 (3.3)	6 (4)	7.939 (*p=0.047)
11 Because all my efforts to get a job failed	6 (4)	5 (3.3)	7 (4.7)	3 (2)	23 (15.3)	5 (3.3)	9.277 (*p=0.03)
12 To create employment opportunities in society	5 (3.3)	5 (3.3)	7 (4.7)	4 (2.7)	8 (5.3)	61 (40.7)	53.433 (*p=0.00)

Figures given in brackets indicate percentage of total in the region

Source: Primary Data

*Significant at 0.05 level

**Not significant at 0.05 level

The table shows that in the northern region the most important motive for persons to become an entrepreneur is ‘to get income for living’ (50 per cent) whereas in the southern region, it is ‘to become independent’ (52.7 per cent). In the northern region, the second most important motive for persons to become an entrepreneur is ‘to become wealthy by earning profits’ (36 per cent) whereas in the southern region, it is ‘desire to create something new’ (37.3 per cent). In the northern region the third most important motive for persons to become an entrepreneur is ‘for social status and prestige’ (38 per cent) whereas in the southern region it is ‘to create employment opportunities in the society’ (40.7 per cent). Thus it shows that in the northern region, economic motives are the key drivers of entrepreneurship and the entrepreneurs are primarily motivated by economic reasons. In the southern region, entrepreneurs are primarily motivated by non-economic motives. There is significant difference between the northern and southern regions of Kerala in respect of major motives of individuals to become entrepreneurs.

Pearson chi-square test results in the table shows that, since p value is less than 0.05, there is significant difference between the northern region and southern region in respect of the motivating factors such as ‘to get income for living’, ‘to become independent’, ‘to utilise my prior knowledge /skills’, ‘desire to create something new’, ‘desire to undertake risky ventures’, ‘to create employment opportunities in society’, ‘to

become wealthy by earning profits’, ‘for social status and prestige’, ‘to fulfill ambition of my parents’, ‘to keep myself busy and engaged’ and ‘because all my efforts to get a job failed’ for becoming an entrepreneur. However, Pearson chi-square test also shows that, since p value is higher than 0.05, there is no significant difference between the northern region and southern region in respect the motivating factor ‘to avail government incentives / subsidies’.

Since in respect of top three rankings, there is significant difference between the regions in respect of motives for becoming an entrepreneur, alternate hypothesis (H₁) is accepted and it is concluded that ‘there is significant difference in the factors motivating a person to become an entrepreneur in the northern and southern regions of Kerala’.

6. Conclusion

The analysis of motives of individuals to become an entrepreneur in the northern region indicated that monetary benefits (income for living and wealth) are the most attracting elements as against non-monetary (independence and doing something new) in the southern region. Hence in order to expand entrepreneurship in the northern region, non-monetary benefits like independence in working, opportunity to create something new, creating employment opportunities for society etc., need to be projected and convinced in training/promotion programmes. Creating awareness at school and college levels

will help to bring attitudinal changes among the prospective entrepreneurs in the northern region.

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