

UNIVERSITY OF CAPE COAST

ENTREPRENEURIAL MOTIVATION AND FIRM PERFORMANCE OF
SMALL AND MEDIUM SCALE ENTERPRISES IN THE NEW JUABEN
MUNICIPALITY

ANDREWS TETTEY

2014

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DISSERTATION SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT STUDIES OF THE SCHOOL OF BUSINESS,
UNIVERSITY OF CAPE COAST IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE IN ENTREPRENEURSHIP AND SMALL
ENTERPRISE DEVELOPMENT

MAY 2014

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: Date.....

Name: Andrews Tettey

Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by University of Cape Coast.

Supervisor's Signature..... Date.....

Name: Professor (Mrs.) Rosemond Boohene

ABSTRACT

Despite entrepreneurship being regarded as a driving force in the development of many countries, few studies have been conducted to investigate the various motivational factors that influence performance. This dissertation therefore attempts to examine the relationship between various motivation factors and firm performance of the entrepreneurs in the New Juaben Municipality.

Descriptive research design was employed in this study. Simple random sampling was employed to select 205 SMEs from 434 registered members of NBSSI. However, only 70 SMEs responded adequately due to closure, change in address and relocation of some sampled firms. The instrument used for data collection was an interview schedule. The bivariate correlation and regression analysis were used to analyse the data.

The results indicate that there is an insignificantly positive relationship between the motivational factors such as entrepreneurial traits, pull factors and push factors and firm performance of the entrepreneurs. For instance an increase in pull motivational factors leads to an improvement in firm performance of entrepreneurs in the New Juaben Municipality. However, resource availability motivational factors had an insignificant negative impact on firm performance of the entrepreneurs. It is therefore recommended that less reliance must be placed on resource availability since it influences firm performance negatively. Again, government must make SMEs look attractive by providing educational support to entrepreneurs for them to perceive setting-up SMEs as a lifestyle but not out of frustration.

ACKNOWLEDGEMENTS

A number of individuals have worked with me conscientiously and have fully supported my effort to understand what it takes to be a successful entrepreneur and to complete this dissertation.

My profound appreciation goes to my supervisor, Professor (Mrs.) Rosemond Boohene for her time, comments, corrections and criticisms. Others are Mrs. Victoria Okyere, SME owner and C.E.O. of Feoga Company Ltd. at Koforidua and Mr. Kwasi Yeboah Ahwireng, Administrator at Wisconsin University, Accra.

My appreciation also goes to my research assistant and data analyst, Mr. Clifford Afoakwah and Moses Kofi Ahomka Yeboah, a colleague MBA student, for helping bring this dissertation to life.

Finally, my heartfelt acknowledgement goes to Albert Dompseh - CEO of Akro Freezing Company, Koforidua; Irene Saah Darko-Employee of ADB Bank, Accra and Mr. Kwadwo Nkansah-Employee of KATCo Ltd, Somanya for their varied support in preparing this dissertation.

DEDICATION

To my lovely and cherished daughter, Josephine Adamkie Tettey and spouse,
Veronica Tettey.

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CHAPTER ONE

INTRODUCTION

Background to the study

Entrepreneurship has over the last two decades become the driving force of development for many countries (Kuratko, 2005). It contributes to economic growth and expansion through job creation, capital investment and poverty reduction. A large majority of small scale entrepreneurs in developing countries, Ghana included, started business activity as a result of economic necessity (Olomi, 2001). Entrepreneurs are therefore viewed as drivers of innovation, competitiveness and vehicle of growth. Due to the importance of entrepreneurship in an economy (like source of employment and income to individuals), giving little attention to it with respect to its development and sustenance is very likely to retard an economy's progress. In other words, entrepreneurship is an important vocation and that there is a need to understand its role in developing human and intellectual capital (Zahra, 2001).

The study of entrepreneurship, according to Shane and Venkataraman (2000), is important for the reason that it motivates technical changes and able to equilibrate demand and supply. It is also an essential process by which new ideas and knowledge is turned into products and services. A person willing and able to turn a new idea or invention into a valuable innovation can be termed as an entrepreneur. An entrepreneur is therefore "someone who creates something of value where there is nothing of value before" (Blawatt, 1998).

The entrepreneur must not necessarily be the generator of the idea but must come out with his/her own original ideas, and are said to be highly motivated to succeed. The entrepreneur is thought to be very creative, innovative, opportunity savvy and have internal locus of control (believe that their personal actions directly affect the outcome of an event).

Entrepreneurship is more or less about taking risk (Knight, 1967; Drucker, 1970). The attribute of an entrepreneur shows someone who is willing to put his or her career and financial security under threat by taking up risk because of a new idea obtained and then spending much time and capital on an uncertain venture. The entrepreneur, on the onset increases business risk (calculated). But as the business proceeds, they engage in reducing risks by actively changing existing conditions due to experiences gathered. Referring to Nystrom (1995), the timing and balancing in the creation and reduction of risk is a sign of a successful entrepreneur.

Researchers have taken various approaches to identify and explain what motivates entrepreneurs to go through the pain of taking risk and inventiveness to start their own businesses. In other words, identifying the drivers and motives to entrepreneurship from the entrepreneurs' perspective is crucial since entrepreneurship is the result of both motivational and cognitive factors (Shane, Locke & Collins, 2003). Studies have shown that there are various and varied motivational factors that induced people to be entrepreneurs. These factors could be classified into innate personality or entrepreneurial traits and external or situational factors (Benzing & Chu, 2009). Personality traits such as the need for achievement, tolerance for ambiguity, a desire to innovate, propensity for risk-taking and preference for

internal locus of control, according to Collins, Hanges and Locke (2004), have proven to determine entrepreneurial activity.

The external or situational factors also known as “push-pull” factors also determine entrepreneurial drive of innovativeness and inventiveness that characterize job creation and self-employment. The “push” factors are attributed to the external negative conditions that push entrepreneurs into self-employment. Some of these are frustration of being unemployed, a marriage breakdown, retrenchment, being passed over for promotion, low remuneration at current work with little mobility and intention to circumvent supervision (Curran & Blackburn, 2001). The “pull” factors, on the other hand, are attributed to the desire to be one own boss, the desire to increase ones’ income or wealth, opportunity savvy, changing ones’ lifestyle or use one’s experience and knowledge in a new venture of their own (Burke, FitzRoy, & Nolan, 2002). In general, the push factors are seen to be prevalent in entrepreneurs (Segal, Borgia & Schoenfeld, 2005; Shinnar & Young, 2008)

In Ghana, the entrepreneurial activities are usually within the small scale sector which is mostly owned by Ghanaians with only 5 percent of large businesses owned by Ghanaians (Villars, 2006). Likewise, approximately 70 per cent of the labour force in Ghana is engaged in the small-scale enterprises (World Bank, 2006). These small-scale entrepreneurs are involved in activities such as trading, services provision, farming activities, agribusiness, light manufacturing such as textiles and garments, carpentry, and arts and crafts. Furthermore, a majority of these small-scaled enterprises are labour intensive and informal where they operate with little or no assistance.

According to Baah and Achakomah (2007), the informal sector is characterized by ease of entry, less legal requirements, unregulated markets, reliance on indigenous and outmoded technology. Additionally, family ownership and interference, lack of access to credit, self-employment and labour intensive and low productivity are also some characteristics of the sector (Dovi, 2006). Despite the weaknesses, there are enormous contributions of this sector to the Ghanaian economy.

The small-scale sector has contributed to the economy of Ghana through the provision of income for individuals, employment generation for the population, poverty reduction, equity distribution wealth and social family social security, despite the fact that this has been disappointing (Bani, 2003). According to Boohene, Sheridan and Kotey (2008), the contribution of the sector to the overall development of the economy relies on the performance of the individual firms that comprise the sector. Invariably, the performance of a firm is dependent on factors including motivations that drive these entrepreneurs according to studies. Moreover, motivation is a key factor in the entrepreneurial process due to the fact that entrepreneurs need to overcome many obstacles in order to be successful (Markman & Baron, 2003). As a result, entrepreneurship is driven by motivation (Boohene et al., 2008). However, motivation has been a forgotten factor in entrepreneurship research, even though it is considered by many researchers to be a key aspect of the entrepreneurial process (Shane et al., 2003).

Nonetheless, Herron and Sapienza (1992) explained that models of venture creation that do not address motivation are bound to be incomplete. Markman, Baron, and Balkin (2005) suggest that motivation may be crucial to

success in entrepreneurial settings. In fact, Markman and Baron (2003) propose that motivation could be more important than the opportunity identified by the entrepreneur. There have been a few attempts at testing the effect of motivation on firm performance. Baum, Locke, and Smith (2001) found a positive relationship between motivation and firm performance. Baum and Locke (2004) found similar results. More recently, Markman et al. (2005) found that higher motivation leads to higher annual earnings for a sample of patent inventors. Based on this research, researchers conclude that any model of entrepreneurial firm performance should include entrepreneurial motivation. Entrepreneurial motivation is therefore important for firm success. This is because the entrepreneur plays a major role in building the organization and in the creation of organizational procedures, goals, and culture. As Johnson (1990) explained, “individuals are, after all, the energizers of the entrepreneurial process.”

Likewise, Liao, Welsch, and Pistrui (2001) suggested that the “dream” of an entrepreneur is a strong predictor of entrepreneurial growth. Their perspective was based on micro behaviour approaches that suggest that entrepreneurs who are highly extrinsically or intrinsically motivated will be more committed and persistent in their endeavour. This is also corroborated by Boohene et al. (2008) who suggest that the performance of firms may be influenced by the strategies, personal goals, values, and even the demographic characteristics of these firm owners. In other words, entrepreneurial motivation may influence firm performance of entrepreneurs. Thus, motivation to be self-employed influences the entrepreneur’s decisions and

thereby ultimately impacts the performance of the firm through self-selection mechanisms.

Also, entrepreneurs with similar opportunity cost, homogeneous level of income and wealth prior to the foundation of the start-up and similar level of education, subject to different motivations make different decisions and perform differently (Johnson, 1990). In particular, Failla (2012) posits that entrepreneurs who indicate as motivation, 'to increase income' stay in business for a shorter time when compared to those who choose 'self-employment' or 'to be one's own boss. The latter group is oriented towards non-pecuniary benefits and therefore less sensitive to financial performance of the firm.

Statement of the problem

Entrepreneurship has been described as the visualization and realization of new ideas by individuals called entrepreneurs, who are able to use information and mobilize resources to implement their visions. In Ghana, entrepreneurship has mostly involved small-scale enterprises operated by entrepreneurs who are given little or no assistance by government (Baah, 2004). Regardless of the assistance given this industry, it contributes significantly to the growth and development of the economy in terms of job creation, employment and poverty reduction (Baah, 2004). Arguably, the contribution of the small-scale enterprises to the development of the Ghanaian economy needs much to be desired. Evidently, studies by Government of Ghana (2003) and World Bank (2006), found that 70 percent of businesses in Ghana are small-scale enterprises which generate employment for about 80 per

cent of the active population and thereby reduce poverty and promote economic growth.

Despite these contributions, there are still more to be known via research about the industry in terms of individual firm performance and entrepreneurial motivation. Recourse to the literature reveals that research has focused largely on the environmental factors (Aldrich, 2000) such as legal flexibility and location of firm, credit and resources accessibility of entrepreneurs (Carsrud & Brännback 2009) and entrepreneurial opportunities (Christiansen, 1997) to explain performance of small-scale enterprises. Although this focus has enhanced our understanding of the entrepreneurial performance, to a large extent, it ignores the role of human agency (Shane et al 2003) which is termed entrepreneurial motivation (Locke, 2000).

Arguably, examining why entrepreneurs started their businesses may help explain the sustaining behaviour exhibited in the entrepreneurial process. This is hypothesized in a research by Hechavarria, Schenkel, Mathews and Ingram (2010) who argued that mapping entrepreneurial motivation will provide a more detailed understanding of the performance of the entrepreneurial process. This hypothesis was tested by Failla (2012) and found that there is a significant relationship between entrepreneurial motivation and firm performance of entrepreneurs in an economy. Hence, entrepreneurial motivation exerts a significant role on the overall entrepreneurial process.

However, research works by Birley and Westhead (1994), Miner, Bracker and Smith (1992) and Solymossy (1997) prove otherwise. These authors argue that there is no consensus with regards to the transcendence of such influence or relationship. Clearly, while some authors (Birley &

Westhead, 1994; Feesen & Dugan, 1989) observed that the varying entrepreneurs' motivations with regards to the firm creation did not impact the development of the business nor the generation of wealth nor employment, others (Smith & Miner, 1985; Box, White & Barr, 1993) found that some motivation types have direct influence on the company's growth measured in terms of the number of employees.

Besides, the concept of entrepreneurial motivation has been largely under researched since its inception (Carsrud, Brännback, Elfving & Brandt, 2009) despite its critical importance in predicting and explaining entrepreneurial behaviours and firm performance of entrepreneurs, particularly in developing countries (Kotey, 1999; Kuratko & Hodgetts, 2001). This has resulted in the poor understanding of the relationship and nonexistence of a unified model for the concept. The problem is as well coupled with lack of consensus on performance indicators for small-scale enterprises (Shane et al., 2003).

Some authors use objective measures such as financial performance indicators and others prefer subjective measures such as satisfaction. Firm performance can be both monetary and non-monetary rewards in terms of measurement. While some researchers widely acknowledge non-monetary benefits/rewards as major feature of self-employment (Lazear, 2005; Hamilton, 2000) others regard monetary benefits such as revenue and profit generation as most relevant. Moreover, extant literature is still divided on particular outcome(s) that is produced out of a particular entrepreneurial motivation factor (Herron & Sapienza, 1992; Markman & Baron, 2003; Shane et al., 2003; Sullivan, Forret, Mainiero & Terjersen, 2007). For instance, Sullivan et

al, (2007) theorize that performance measure of family satisfaction such as employment for the family is preferred to increase in sales and profit level, and deemed important to entrepreneurs who are motivated by family-related motivators.

Furthermore, researchers have criticized much of the existing empirical research on the role of entrepreneurial motivation in entrepreneurship and its relationship with firm performance (Aldrich & Zimmer, 1986; Carroll & Mosakowski, 1987) due to inadequate empirical work and disappointing results generated. Meanwhile, Shane et al (2003) on the contrary, postulated that inadequate empirical work does not negate the importance of understanding the role of entrepreneurial motivation in the entrepreneurial process. Shane et al. (2003) further argued that motivational and cognitive factors determine one's activities, edge and outcome of the entrepreneurial process. Therefore, being able to identify these motivational factors will provide a reasonable understanding of why entrepreneurs started firms. Furthermore, previous studies have often led to disappointing results due to the study of less relevant motivators. Examples of such motivators of entrepreneurs deemed less relevant are social capital, birth position and parents' occupation. However, authors still debate upon motivators that are relevant or not (Berthelot, 2011; Carsrud & Olam, 1986; Kotey, 1999).

This study therefore seeks to fill the gap that is created in the entrepreneurship literature with a focus on important motivators and their influence on firm performance of the small scale enterprises in the New Juaben Municipality in the Eastern Region of Ghana.

Objectives of the study

The general objective of this study was to examine the relationship between entrepreneurial motivation and firm performance of entrepreneurs in the New Juaben Municipality in the Eastern Region of Ghana. From this main objective, the specific objectives are:

1. To examine the socio-economic characteristics of entrepreneurs in the New Juaben Municipality.
2. To determine the level of importance attached to the various entrepreneurial motivation factors of entrepreneurs in the municipality.
3. To investigate the relationship between each of the entrepreneurial motivation factors and firm performance of entrepreneurs in the municipality.
4. To examine the composite effect of entrepreneurial motivation factors on firm performance of the entrepreneurs in the New Juaben Municipality.
5. To make recommendations to entrepreneurs and policy makers on strategies that will enhance entrepreneurial motivation and firm performance of SMEs.

Research questions

This study sought to answer the following questions:

1. What are the socio-economic characteristics of entrepreneurs in the New Juaben Municipality?
2. What is the level of importance attached to the various motivation factors of entrepreneurs in the New Juaben Municipality?

3. What is the relationship between the individual entrepreneurial motivation factors and firm performance of entrepreneurs in the municipality?
4. What is the composite effect of the motivational factors on firm performance of entrepreneurs in the New Juaben Municipality?

Hypotheses

The following hypotheses were developed from objectives three and four and tested to determine the relationship between the variables:

H₁: Resource availability positively influences firm performance.

H₂: Entrepreneurial traits positively influence firm performance.

H₃: Pull factors positively influence firm performance.

H₄: Push factors positively influence firm performance.

H₅: Entrepreneurial motivation positively influences firm performance of entrepreneurs in New Juaben Municipality.

Significance of the study

Though the significance of entrepreneurial motivation has not yet been fully articulated and recognised by the international development community, policy makers and practitioners in developing countries, this research is very relevant. This study is relevant because it will help determine the various motivational factors that influence entrepreneurs to start-up a business, particularly ranking the main motivators to determine their level of importance.

Additionally, the study will provide information on the impact entrepreneurial motivation has on the overall performance of firms in the New Juaben Municipality to enable policy makers institute policies that will directly or indirectly motivate entrepreneurs to enhance the performance of their firms for national development. It will provide information on which motivational factors generate more performance to enable policy maker to promote such factors. The outcome of the study will also help government to know the roles entrepreneurial motivation can play in enhancing the performance and hence the growth of firms in Ghana.

Once the factors that affect the performance of firms are identified, it will serve as a policy guide for government to resource organisations that enhance efficient performance of firms in Ghana. It will also be an addition to available stock of knowledge and serve as relevant literature for future use. Understanding if and how the various motivations of the entrepreneur impact on the survival and performance of the firms will help to clarify the role of this important element in the more general entrepreneurial process.

Delimitations of the study

The study did not include all SMEs in the New Juaben Municipality in the Eastern Region of Ghana but was limited to SMEs registered with NBSSI (National Board for Small Scale Industries) in the region. The time-bound nature and limited resources available for this academic research necessitated the narrowing of the scope.

Performance is a multidimensional concept and the relationship between entrepreneurial motivation and firm performance may depend upon

the indicators used to assess performance of which information is accurately available (Lumpkin & Dess, 1996). A single performance indicator is likely to produce biased results and therefore it is advantageous to integrate different dimensions of performance (Wiklund & Shepherd, 2005). On account of this, and for the purpose of this study, the researcher used both the subjective financial and non-financial performance measures such as sales revenue, profit maximization, job creation and innovation.

Limitations of the study

The researcher was confronted with the educational deficiency of some of the entrepreneurs and had to often translate the questions on the interview schedule into the local dialect (Twi). In addition, the interview schedule was structured using mainly Likert scale (close ended) type which limited the responses solicited from the respondents. Locating some sampled respondents was difficult. While some have their firms relocated without changing their address with NBSSI, others had their businesses closed down.

Another problem encountered was the lack of co-operation on the part of some entrepreneurs attributing it to lack of time. Other entrepreneurs demanded money before responding to the questions. These resulted in the low response rate and researcher wasting so much time. Again, using the list of NBSSI will exclude a number of enterprises owners. The results may therefore represent only the views of those registered and not SMEs in general.

Organisation of the study

In the present chapter, attempts have been made to define the purpose and significance of the study. The second chapter reviews the literature on entrepreneurial motivation and performance of firms. It throws more light on theories of motivation and discusses various motivational factors that have been noted to have influenced and sustained business start-up, entrepreneurial behaviour and firm performance in different countries as well as their respective findings.

In Chapter Three, the methodology used in the study is presented in terms of research design, methods adopted in data collection, instrument for data collection, data sources, population and sampling technique adopted. Measurements and method of analysis are also presented in the same chapter. In Chapter Four, the analysis and discussion of the data gathered is presented and the final chapter, Chapter Five, will deal with the summary, conclusions drawn from the findings, recommendations, and direction for future research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter analyses the conceptual, theoretical and empirical framework of the study. The analysis begins with how various researchers define and ascribe meanings to the terms 'entrepreneur' and 'motivation'. It is then followed by the theories of motivation which is grouped into content and process theories, and the theories of entrepreneurial motivation are also discussed. This chapter is then concluded with the empirical framework which focuses on the debates on the relationship between entrepreneurial motivation and firm performance. This is intended to make understanding of the various theories underscoring this study and illustrate the related empirical studies and findings.

The meaning of entrepreneur

One of the most central problems of entrepreneurship research is the definition of the term "entrepreneur". It is a problem because research in this field is highly heterogeneous: every social science (e.g., economics, history, psychology, sociology, geography) is more or less related to the construct and every researcher brings with it a definition suitable to its specific perspective. Therefore, there is no generally accepted definition of the term and consequently, it is difficult to compare research findings. On the other hand,

the concept is such an important and interesting research area that multiple perspectives are needed to explain its complexity. It is therefore not probable that one definition can encompass all its features.

As a result of this heterogeneity, several researchers have proposed different systems to categorize and make comparison possible. Amit and Muller (1995) argue that research can be best understood by focusing on the entrepreneurial role. They see the entrepreneur as fulfilling a role or a function in the economy such as innovation (creation of new combinations and changes in the economy), managing-coordinating (business growth and expansion), or risk-taking (the bearers of risk and uncertainty in society). Here, the distinction between the individual entrepreneur and the process is not always clear. This is because the classification is based on entrepreneurship in economic theory where societal processes are more interesting to the theorists than the individuals carrying them out.

Low and MacMillan (1988), on the contrary, separate the study of the individual from the study of the function. Stated differently, studies of the individual tie the entrepreneurial process to a person or a small group of persons whereas studies of the entrepreneurial function downplay the role of the individual and highlight the importance of society. An example of the former is McClelland's (1961) attempt to explain economic development with the need for achievement motive. This research mainly deals with traits and motives specific to the entrepreneur. Johnson (1990), on the other hand, argues that entrepreneurship is not related to an individual but to the interaction between several individuals and the environment.

Herron and Sapienza (1992), in their view, describe an entrepreneur as one who develops new ideas and takes on the risks that are necessary to begin a successful business. Hisrich and Brush (1986) defined the entrepreneur as one who possesses basically two characteristics that are unique: risk taking and achievement motivation. The study further explained that an entrepreneur's primary intentions are the pleasure of creation and the craving to be independent, in which when a very motivated entrepreneur is offered a higher income to work for someone else he will rather refuse it. Similarly, Chell (1985) explains that an entrepreneur is one, who looks for new possibilities, makes use of new strategies of doing things, is alert to new opportunities, and tries to overcome old limits. This implies that an entrepreneur is not static in ideas but is dynamic in his thinking to break new grounds.

According to Shane and Venkataraman (2000), entrepreneurship is the process by which "opportunities to create future goods and services are discovered, evaluated and exploited". Being an entrepreneur involves being creative in developing new ideas and making that idea become a reality. A look at these definitions reveal two important characteristics of an entrepreneur: first, an entrepreneur is usually a very motivated person who strives to succeed and second venturing into new ideas means he/she is a risk lover or taker. Though the above definitions seem to explain that an entrepreneur identifies new ideas and takes it on, it is not necessarily true that the entrepreneur should be the generator of the idea. As a matter of fact, entrepreneurship could be seen as part of the management function within a firm that already exist (Hitt, Ireland, Camp, & Sexton, 2001).

This study acknowledges the different meaning assigned to the term entrepreneur. However, it settles with the definition that deals with innovation, job creation and risk taking propensity. Thus, the entrepreneur is action driven. The next section outlines the nature and meaning of motivation given by various authors.

The nature and meaning of motivation

Several authors have given different meanings to the term motivation. Greenberg and Baron (2000) contend that to understand the term motivation one should be able to capture three main components:

1. Stimulation or arousal - This looks at the drive or energy behind every individual's action.
2. The choice individuals take and the direction their behaviour takes.
3. Maintaining behaviour - Clearly showing how long people have to persist at trying to achieve their stated objectives.

They therefore defined motivation as a basic psychological process which involves stimulating oneself or people to cause a change in behaviour or attitude. Again, motivation as a factor of inducing personnel to perform has been viewed by many writers from different perspectives. According to Dess and Robinson (1984) motivation is an inner drive or an external inducement to behave in some particular way, typically a way that will lead to rewards. This meaning of motivation is reckoned as important to this current research. It has also been defined as the psychological process that gives behaviour, purpose and direction, some other scholars explain (Kreitner, 1989). Again, it is an internal drive to satisfy an unsatisfied need (Higgins, 1994). Luthans (1998)

asserts that motivation is the process that arouses, energizes, directs, and sustains behaviour and performance.

Cole (2002) relates this to human behaviour and defines it as a process where people make choices between alternative forms of behaviour in order to achieve personal goals. Rollinson (2001) also describes it as an arising process that is internal and external to the individual, whereby the person perceives that it is suitable to follow a certain course of exploit and does this with a degree of vigour and perseverance. Wehrich and Kootz (2003) explain motivation as a general term applying to the entire class of drives, desires, needs, wishes and similar forces. Mitchell (2010) however considers it as the level to which a person wants and chooses to employ a certain specified behaviour.

All the above definitions are based on the three components of motivation as stated by Arnold, Cooper and Robertson (1998) as: first, direction, that is, what an individual is trying to do, second, effort, that is, how hard an individual is trying; and third, persistence, that is, how long a person keeps on trying. From the definitions of motivation above, it is apparent that motivation is concerned with the drive in a person or group of individuals to behave in a certain way to acquire some satisfaction or achievement they need in life. It is also goal directed behaviour. The issue here is that, the nature of human behaviour and how best a person can use his/her ability and environment determines performance.

Psychologically, Rollison, (2001) sees motivation as essentially an explanatory concept needed to explain why people behave in certain ways. It

describes three components of behaviour that together have an impact on performance as:

1. Direction of behaviour , which is greatly influenced by what a person most desires to do;
2. Intensity of behaviour , which roughly equates to how hard the individual strives to go in that direction; and
3. Persistence, which is the willingness with which an individual stays focused when obstacles are encountered.

But generally the study of motivation addresses the distinctiveness of each individual, for individuals may respond to different motivators (Robert & Hunt, 1991). For the purpose of this study, a more operational definition of motivation is defined as “the willingness to exert a high level of effort towards organizational goals, conditioned by the effort’s ability to satisfy some individual goals” (Robbins, 1998 as cited by Mitchell, 2010). In addition to this definition, the study again adopts the definition by Dessler (1978) as espoused above and summarized as an inner drive and external inducements geared towards specific rewards. The next session examines the motivational theories that explain the behaviours of individuals.

Motivation theories

There are several theories that try to explain motivation. These are generally classified into two main theories: Content theories and Process theories. According to Martin (2001), content theories concentrate on identifying the motives that produce behaviour while process theories

emphasis those mechanisms that encourage or reward behaviour in the dynamic context.

Content theories

Content theories search for the specific things within individuals that initiate, direct, sustain, and stop behaviour. The content theories include some motivational theories like: Maslow's hierarchy of needs theory; Herzberg's two factor theory; Alderfer's existence, relatedness and growth (ERG) theory; and McClelland's achievement theory,

Maslow (1943) in his hierarchy of needs theory suggested that human needs could be grouped into five main groups and that these groups could be ordered in a hierarchy of importance. These needs include physiological, security, belongings, esteem and self-actualisation needs (as shown in Figure 1 below). He explains that an individual is motivated to satisfy his physiological needs first. These include the wide range of basic needs that everyone requires in order to stay alive and function normally. These include food, water, air and sleep.

As long as a person is unsatisfied, he turns to be motivated only to fulfil these basic needs of life. The satisfaction of the physiological needs induces an individual to move up the hierarchy so as to fulfil the security needs. The process of satisfying these needs continue to till finally self-actualisation needs are satisfied. Inferring from Maslow, the idea is simple since an individual who is ill to work or almost always hungry would hardly be able to actualize himself to becoming an entrepreneur. He will always be

struggling to satisfy his basic needs and never move up on the hierarchy until they are satisfied.

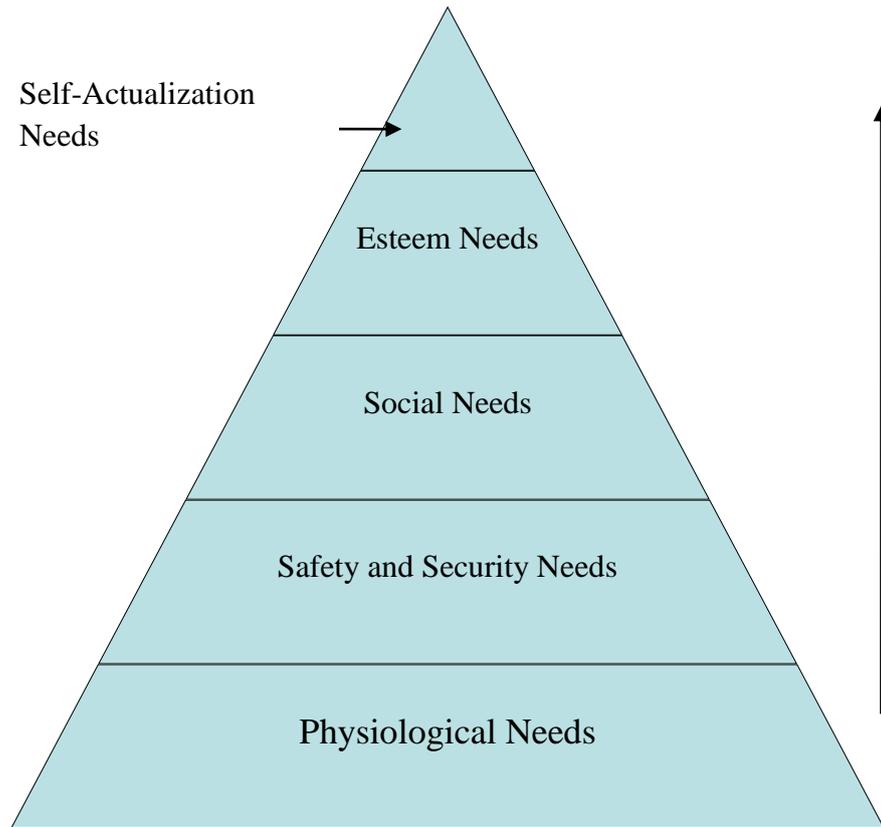


Figure 1: Maslow's hierarchy of needs

The second motivation theory to be discussed under the content theories is Herzberg's two factor theory which states that there are two main factors that cause satisfaction in a workplace (Herzberg, 1987). According to the author, people are not content with the satisfaction associated with lower-order needs, such as those linked to minimum wage levels or safe and pleasant working conditions. But instead, people look at the satisfaction associated with achievement, recognition, responsibility, advancement, and the nature of the work itself.

This seems to be consistent with Maslow's theory, however, Herzberg added some new twist to this theory by proposing a two-factor model of motivation, based on the idea that the presence of one set lead to satisfaction at the workplace while another set leads to job dissatisfaction. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other decreases, but are independent phenomena. This theory therefore recommends that to improve job attitudes and productivity, administrators must recognise and attend to both sets of characteristic and not to assume that increase in satisfaction leads to an automatic decrease in dissatisfaction. Linking this to firm start up, an individual will have to identify and improve those characteristics that increase his satisfaction to become an entrepreneur and find solutions to those other characteristics that decrease his attempt to continue to behave entrepreneurially.

Alderfer (1969) also identifies a three level hierarchy needs as opposed to the five level hierarchies by Maslow (1943). The theory of this researcher is known as the ERG theory. This includes first the Existence needs, which is based on the survival of the person. This may include many such issues covered under the physiological and safety needs identified by Maslow. The second is Relatedness needs, this level is based on the need for individuals to live and function in a social environment. This may comprise the need to be part of a group and belong to a valued organization and for even an entrepreneur to be identified among the top entrepreneurs in a society. This may fall under the safety, belonging and esteem needs under Maslow's theory. The third is the Growth needs, which captures the need for people to develop

their potential like becoming an entrepreneur. This therefore covers the self-actualisation and the esteem needs of Maslow's theory.

The last to be discussed of the content theories is the McClelland's need for achievement theory. In this theory, McClelland (1998) describes three needs that motivate managers and this also follows in line with Maslow's (1943) need theory that needs are part of the human personality which are triggered off by environmental factors. The important needs identified by the researcher include; First, the need for achievement which is the desire to do something better or more efficiently than been done before. Individuals who are sturdily motivated by the desire for achievement are more likely to be happiest working in an environment in which they can create something new to give them a competitive success measured against a personal standard of excellence; Second, the need for affiliation that is likened to the need to be liked or maintain friendly relationship with others. Individuals in this situation usually enjoy working with people. They are motivated by the prospect of having people like them; and the third is the need for power. This is to have the power to influence others. Individuals like to be strong and influential. These people are more likely to become entrepreneurs or start up their own businesses so as to have control over budget, people and decision making. The next section discusses the process theories of motivation.

Process theories

As explained earlier, process theories explain how behaviour is initiated, directed, sustained, and stopped. Some of the theories under the

process theories include the Vroom expectancy model and Adams' equity theory.

Vroom (1964), in his expectancy model theory proposes that people are motivated by how much they want something and how likely they think they are to get it. The theory views motivation as a process which governs choices. The author suggests that individuals are motivated at work to make choices among different behaviours. Additionally, according to the same study, motivation leads to efforts and the efforts combined with employees' ability together with environment factors which interplay's resulting to performance. A person may choose to work at a moderate rate or an accelerated rate depending on his expectation of the level of motivation. If a person expects that his or her work effort will be adequately rewarded, there will be motivated effort. The basic idea behind the expectancy theory of Vroom is that individuals exert work effort to achieve performance that results in preferred rewards. Therefore an individual who expects to get a lot of reward from being an entrepreneur will be highly motivated to start up his own business.

The Equity theory concerns itself with the perceptions individuals have about how they are being treated as compared with other people. Equity involves feelings and perceptions and is always a comparative process. But this is not synonymous with equality, which means treating everyone the same, since this would be inequitable if they deserve to be treated differently. Equity theory also postulates that the presence of inequity in a person creates tension in a person that is proportional to the magnitude of the inequity. Furthermore, the tension will motivate the person to achieve equity or reduce

inequity. The strength of the motivation varies directly with the amount of inequality.

According to Adams (1965), there are two forms of equity. These are the distributive equity and the procedural equity. Distributive equity looks at how people feel they are rewarded in accordance with their conditions and in comparison with others; and procedural equity also looks at the perceptions employees have about fairness with which company procedures in such areas as performance appraisal, promotion and discipline are being operated. He further explains that an employee may increase or decrease the level of his or her inputs, for example through the amount of quality he gives to his work or resigning from the organization altogether. These forms of equity could influence or be a motivating factor for individuals who feel cheated to start up their own forms of business.

For this current study, ideas are taken from both the content theories and the process theories to form the conceptual framework of the study. This is because part of the study will attempt to identify the factors that influenced the entrepreneurs under the discussion to start-up their own business and this will fall under the content theories. What actually entrepreneurs expect to achieve or want to achieve serves as a form of motivation to them. This will also be looked at in this study and this falls under the process theories. These motivation theories as espoused above will help provide a background for readers to understand and interpret the concept of entrepreneurial motivation discussed in the ensuing segment.

Entrepreneurial motivation

Naffzinger, Hornsby and Kuratko (1994) define entrepreneurial motivation as the process by which entrepreneurs decide whether or not to engage in entrepreneurial behaviour. Entrepreneurial motivation empirically is associated with different factors. The classification of these factors varies from author to author. For instance, Bartol and Martin (1998) classified these factors into:

1. Personal characteristics
2. Life-path circumstances
3. Environmental factors.

Shapero and Sokol (1982); Sexton and Vasper (1982); Hisrich and Brush (1986) classified these factors into push and pull factors. In support of this classification, Boyd and Vozikis (1994) included the concept of self-efficacy as an important variable of antecedent factors. According to them, self-efficacy provides insight into efficacy judgments which influence one's behaviour. Bartol and Martin (1998) also identified socio-demographic variables as factors that can influence entrepreneurs: education, age, work history, relative experience, childhood family environment such as birth order and occupations of parents. Kjeldsen and Nielson (2000) classified these factors into personal characteristics, the surroundings, types of enterprise and the entrepreneurial process. Parboteeah (2000) categorized entrepreneurial motivation factors into:

1. the entrepreneur's background
2. the entrepreneur's personality
3. the entrepreneur's environment.

Bird (1988) on the other hand classified these factors as personal and contextual elements. While personal elements include: entrepreneur's experience, abilities, and personality characteristics, contextual elements include social, political, and economic variables such as changes in markets, displacement and government deregulation. Based on a survey of existing literature, Benzing, Chu and Kara (2009) suggest that the motivational factors can be divided into four categories:

1. economic factors
2. independence
3. internal satisfaction
4. personal and family security.

A very useful classification is achieved by The Global Entrepreneurship Monitor (GEM), an international research consortium covering survey type research in 43 countries (2008) on three directions: entrepreneurial attitudes and perceptions, entrepreneurial activity and entrepreneurial aspirations. The GEM proposes two categories of entrepreneurs according to their motivations: the "opportunity entrepreneurs", who start a business based on finding a good opportunity on the market, and the "necessity entrepreneurs", who start a business rather because they have no better choice or to avoid unemployment. The GEM taxonomy is related to the "pull-push" factors approach. The "opportunity entrepreneurs" are driven by classical pull motivations, such as: the perception and exploitation of a market opportunity, of a better solution than the existing ones, the emergence of a new or innovative idea, the recognition of an existing network he or she

could try to exploit etc. (McClelland, 1961; Shane, Locke, Collins, & Smith, 1998; & Birley & Westhead, 1994). They usually enjoy a better development.

According to the classification suggested by Carter, Brush, Gatewood, Greene and Hart (2002), pull or opportunity motivators relate to motivations such as: independence and willingness to be free of any control or to become one's own boss; recognition and gain of acceptance and appreciation by other people; self-realization, achievement of the entrepreneurial goals; financial incentives, the desire to gain more and achieve financial success (Birley & Westhead, 1994). On the other hand, people's willingness to pursue entrepreneurial opportunities depends on factors such as: their opportunity cost (Amit & Muller, 1995), their stocks of financial capital (Evans & Leighton, 1989), their social ties to investors (Aldrich & Zimmer, 1986), and their career experience (Carroll & Mosakowski, 1987; Cooper, Woo, & Dunkleberg, 1989).

The "necessity entrepreneurs" are driven by push factors and their main motivations are: lack of other or better alternatives to unemployment (Evans & Leighton, 1989; Storey, 1991 & Masuda, 2006); lack of other income option in the case of unemployed persons facing the end of their unemployment benefits; advisement from other parties of the unemployed people to try self-employment as an alternative option to wage-employment and unemployment (Caliendo & Kritikos, 2009). Unlike "opportunity entrepreneurs", whose businesses enjoy better development, "necessity entrepreneurs" may suffer a high risk of failure (Andersson & Wadensjo, 2007), or, if they survive, they may produce only marginal businesses (Vivarelli & Audretsch, 1998), invest insignificant amounts of

capital (Santarelli & Vivarelli,2007), fail to create further jobs (Shane, 2009), and earn minimal incomes (Andersson & Wadensjo, 2007).

In another study, Benzing and Chu (2009) classifies the motivation factors into Innate Personality Traits, Pull and Push Factors. The researchers found that previous studies have mixed findings on main motivators. Whiles some found innate personality traits as the main important motivators others appreciate external motivational factors, also known as push-pull factors as the essential determinant motivators of entrepreneurs' behaviour.

In addition to the effort of Benzing and Chu (2009), Berthelot (2011) proposed resource availability as entrepreneurial motivation factor. This was deduced from the work of Wiklund and Shepherd (2005) which conclude that, "the pursuit of entrepreneurial strategies requires resources. They therefore proposed three components of resources most commonly accepted by entrepreneurship scholars. These are financial, human, and social capital. In addition to these three main components, other resourcessuch as social competence (Baron & Markman, 2003) and new resource skills (Baum & Locke, 2004) are being considered in more recent studies, though these concepts have only receivedlimited attention to date. For this reason, this study is designed to limit the review to financial, human, and social capital resources.

This study adopts the classification by Benzing and Chu (2009) and modified by Berthelot (2011) which classified the motivators into:

1. entrepreneurial/personality traits,
2. pull factors
3. push factors

4. resource availability.

This classification is employed due to its numerous mentions in extant literature and is also consistent with a model of entrepreneurial motivation put forward by Shane et al (2003). The study will first examine the entrepreneurial/personality traits and then look at the external factors (pull and push factors).

Entrepreneurial/personality traits

Trait theory in psychology is an approach to the study of human personality (Benzing & Chu, 2009). Trait theorists are primarily interested in the measurement of traits, which can be defined as habitual patterns of behaviour, thought, and emotion. According to this perspective, traits are relatively stable over time, differ across individuals and influence behaviour. Entrepreneurial traits represent one of the most empirically researched topics in the field of entrepreneurship (Vecchio, 2003). Recent research by Korunka, Franck, Lueger, and Mugler (2003) and Shook, Priem, and McGee (2003) suggest that the main entrepreneurial traits that affect venture performance are need for achievement, locus of control, and risk taking propensity. However, this study will expand these to include tolerance for ambiguity, self-efficacy and goal setting.

Need for achievement

The need for achievement has been a driving force for people to start up their own businesses. According to McClelland (1961), people who are high in need for achievement are more likely to engage themselves in

activities that have a high level of individual responsibility for outcomes, require individual skill and effort, have a moderate level of risk, and include clear feedback on performance. Shane et al, (2003) explained that roles of entrepreneurs are seen as having a greater degree of these core qualities than other careers. This seeks to explain that individuals with high need for achievement are more likely to start up their own businesses than finding themselves in other job roles.

Ambition which could be related to people having high need to achieve and this influences the degree to which entrepreneurs try to create something great, important and also significant as they pursue activities (Shane et al. 2003). In a review conducted by Johnson (1990) on 23 studies, the finding was made that there was a relationship between the need to achieve and people starting up their own business. Also in a meta-analysis conducted by Collins et al. (2004) which examined 63 studies that looked at the relationship between need to achieve and entrepreneurship found a significantly positive relationship between the two. The need for achievement could be used as a useful tool in explaining entrepreneur activity since it is effective at differentiating between successful and unsuccessful firm starters.

Risk-taking propensity

Ability to take risk is a great motivator for individuals to start up and maintain their own business (McClelland, 1961). In his work, Vecchio (2003) defines risk-taking propensity as the “decision-making orientation toward accepting greater likelihood of loss in exchange for greater potential reward”. Variation across people in their perceptions of risk influence

entrepreneurial decisions (Shane & Venkataraman, 2000). Previous studies suggest that entrepreneurs vary on perception of risk of using resources before knowing the distribution of outcomes (Palich & Bagby, 1995; Simon, Houghton, & Aquino, 2000). For example, entrepreneurs might exploit opportunities that they see as safe while others would perceive these same opportunities as risky. According to McClelland (1961), individuals with high need to achieve have moderate tendencies to take risk. He argues that this is particularly important because entrepreneurship involves facing issues of uncertainty. According to Liles (1974), entrepreneurs usually must accept uncertainty with respect to financial well-being, psychic well-being, career security, and family relations. Moreover, several theories of entrepreneurship view the entrepreneur as bearing residual uncertainty (Venkataraman, 1997).

Looking at some studies done, Atkinson (1964) explain that people with higher achievement motivation should rather prefer intermediate risk activities since these types of activities challenges yet are very attainable. On other hand, people who have high motives to avoid failure will never take activities with intermediate risk but instead choose easy and safe activities because of the high propensity to succeed. Also Brochaus (1980) found in his study that firm founders preferred moderate risk activities.

Tolerance for ambiguity

Budner (1982) has defined tolerance for ambiguity as the tendency to view situations without clear outcomes as attractive rather than threatening. Because of the uncertainties in the entrepreneurial process, the outcomes of certain projects or actions are unpredictable. This comes as a risk to

individuals but because of the tolerance for ambiguity possessed by people who want to start up their own businesses, they usually are the ones who become entrepreneurs. According to Shane et al (2003), because entrepreneurs almost always are faced with issues of uncertainty, they usually score high marks on the tolerance for ambiguity scale.

In studies done by Begley and Boyd (1987), they found that entrepreneurs scored significantly higher in tolerance for ambiguity than persons who only are managers of businesses. In other studies, both Schere (1982) and Miller and Drodge (1986) also found that entrepreneurs were more tolerant for ambiguity situations than managers. Further, based on review of some studies, Sexton and Vasper (1982) identified tolerance for ambiguity as a distinguishing psychological feature between entrepreneurs and managers of businesses.

Locus of control

The extent to which individuals believe that their deeds or personal characteristics affect outcomes is termed locus of control (Shane et al, 2003). Rotter (1966) argue people who have an external locus of control believe that the result of an event is not in their domain to control whiles those with an internal locus of control have the believe that their actions directly affect the results of an event. This could be likened to the argument of McClelland (1961) that persons with high need to achieve delight to have direct control over outcomes. This is what Rotter (1966) extends with the notion that people with internal locus of control start up their own businesses since they want to see outcomes which is as a result of their direct efforts.

Studies on locus of control suggest that entrepreneurs differ from the general population in terms of locus of control (Shane et al, 2003). Shapero (1977) in his study found that entrepreneurs from Texas and Italy possessed more internal locus of control than other groups of professions reported by Rotter (1966). This same situation was also noticed among female entrepreneurs as against the general female population (Bowen & Hisrich, 1986) and also among Black entrepreneurs as against the general Black population (Durand, 1975).

Self-efficacy

According to Segal et al (2005), it is never easy pursuing an opportunity as an entrepreneur since failure in some respect is an unavoidable part of the process. But one factor according to them that sustains such effort over long periods is high self-efficacy or task specific confidence. Bandura (1997) explains self-efficacy as the belief in one's ability to muster and also apply the needed personal resources, skills and competencies to get a certain degree of achievement on a task. A person with high self-efficacy for a certain task or given task will put forth more effort for a greater length of time, persevere through impediments, set and accept higher goals, and develop better plans and strategies for the task (Shane et al, 2003). Further, this kind of person will also take criticisms in a more positive manner and use that criticism to improve their performance. These attributes of self-efficacy according to Shane et al (2003) is therefore important to the entrepreneurial process since these conditions are often ambiguous ones in which effort, persistence, and planning are important.

Baum (1994) assessed entrepreneurs in the architectural woodworking industry on some variables including general traits and motives (e.g., tenacity and positive affectivity), specific skills and competencies (e.g., industry experience and technical skills), situation-specific motivation (e.g., goal setting and self-efficacy), vision, and strategic action (e.g., quality and service emphasis). Baum found that self-efficacy which was captured as the self-efficacy to grow the firm had a strong positive relationship with realized growth.

Goal setting

Individuals with high ambition translate this into setting high goals for themselves and even for others. Because of their willingness to achieve they set goals that mark as a direction or outcome. This outcome could be achieving financial success, growth of the business or innovation. According to Shane et al (2003) when entrepreneurs pursue opportunity, they must take action to make it real and this they mostly do by setting high goals. It is well known that high goals lead to better performance results than moderate or low goals (Locke & Latham 1990). To achieve high goals requires enormous energy and stamina. When goal-directed energy is sustained over time, it is called persistence or tenacity. The next section discusses the second and third group of motivators which are closely related aside personality traits. These are pull motivational factors and push motivational factor. Unlike the entrepreneurial or personality trait, these factors are external factors.

External factors (Push and Pull factors)

Gilad and Levine (1986) put forward two closely-related explanations of entrepreneurial motivation, the “push” theory and the “pull” theory. The factors under the “push” theory argues that entrepreneurs are forced into behaving entrepreneurially by negative external forces, such as job dissatisfaction, difficulty in finding employment opportunities, unsatisfactory salary, or inflexible work schedule. These factors are form of reactive measures. The “pull” theory asserts that individuals are drawn into starting their own business by seeking independence, self-fulfilment, wealth, and other desirable outcomes. Studies carried out by Keeble, Bryson and Wood, (1992) and Orhan and Scott (2001) indicate that individuals become entrepreneurs primarily due to “pull” factors, rather than “push” factors.

According to Alstete (2003) and Cassar (2007), desire for independence with related factors such as autonomy and greater control is often referred to as the number one motivating factor for many people in becoming an entrepreneur. Shane et al (2003) explain that, desire for independence involves taking the responsibility to use one’s own judgment as opposed to blindly following the assertions of others. In another way, it also entails taking responsibility for one’s own life rather than living off the efforts of others. A desire for independence is primarily classed as a pull factor.

Several studies have found that the entrepreneurial role necessitates independence (Shane et al, 2003). They explain that, first, the entrepreneur takes responsibility for pursuing a prospect that before did not exist. Second, entrepreneurs are responsible for outcomes or results, whether they were achieved or not. In addition, people may pursue becoming an entrepreneur

because they desire independence. An empirical study in U.S. of female entrepreneurs by Hisrich and Brush (1986) found that among the main motivations for starting up a business was a desire for independence. Also, Hornaday and Aboud (1973) and Aldrich (2000) surveyed 60 and 63 entrepreneurs respectively and found that these entrepreneurs were significantly higher than the general population on the issue of independence.

According to Kirkwood (2009), monetary motivations are also mostly classified as a pull factor, though individuals are not always motivated by money to behave entrepreneurially (DeMartino & Barbato, 2003; Fischer, Reuber, & Dyke, 1993; Rosa & Dawson, 2006). In gender comparative studies, Clain (2000) found that women placed less importance on money but rather more on non-wage components of self-employment. She further argues that women, who are as a matter of fact low-wage earners, are pushed to start a business whereas men who are usually high-wage workers are pulled into starting a business. According to Benzing, Chu, and Szabo(2005), in Romania, income needs are significantly important entrepreneurship motivators than self-satisfaction and personal needs. In Africa, Uganda's entrepreneurs indicate that making money is the most important motivator for starting up a business (Bewayo, 1995). Further, Chu et al. (2007) found that increasing ones income is the prime motivation for entrepreneurship in Ghana and Kenya.

Push factors that motivates individuals to start their own business are often seen as key factors that can influence the preparation for an entrepreneurial career (Dobrev and Barnett, 2005). These push factors includes matters like unemployment, child rearing and balance of work and family, lack of job or career prospects etc. (Kirkwood, 2009). A study of

motivation by Benzing et al. (2005) discovered some regional differences in Vietnam. Entrepreneurs in Ho Chi Minh City were more motivated to start a business for personal satisfaction and growth, while entrepreneurs in Hanoi are motivated by “push factors” related to job creation.

Kirkwood (2009) explains that some family-related factors have been found to be significant in influencing individuals into entrepreneurship. These include combining waged and domestic labour (Still & Soutar, 2001), family policies and family obligations (DeMartino & Barbato, 2003), fit with domestic commitments (Greenfield & Nayak, 1992), and a desire for work-family balance (Jennings and McDougald, 2007; Kirkwood & Tootell, 2008). These family-related motivators for starting ones’ own business are usually called push factors and have been recently described as important to entrepreneurs (Verheul, van Stel, & Thurik, 2006).

Resource availability

The resources available to the entrepreneur have also been found to have influence individuals into entrepreneurship. Typical of this resources are availability of financial, human and social capital (Watson, 2002). Networks have long been hailed as essential to the survival of establishment (Brodsky, 1993; Shim & Eastlick, 1998). Entrepreneurs value their ability to develop relationships. Hisrich and Brush (1986) suggested that support systems, mentors, and advisors; business associates and friends; participation in trade associations are the significant networks which are positively associated with business performance. Inheritance or wining a lottery motivates individuals into behaving entrepreneurially and impact performance (Berthelot, 2011).

Moreover, according to Fraser (1995) acquisition of human such as competence and career experience and financial capital helped the new entrepreneur bypass the obstacles which impede growth, success, and personal fulfilment.

In summary, entrepreneurial motivation factors are derived from motivation theories of both content and process theories. For instance, Maslow's theory of needs, Alderfer's ERG theory and expectancy theory espouse need for achievement, independence and autonomy as factors that drive individual to behave in a certain desired or undesired direction. Again, according to Kirkwood (2009), the Alderfer's ERG theory (existence), Herzberg's motivator-hygiene theory and equity theory is directly linked to the push entrepreneurial motivation factor such as job dissatisfaction, monetary incentive and other pecuniary motives. Entrepreneurial motivation is geared towards performance as explained by expectancy theory (Arnold et. al., 1998; Vroom, 1964). The next section explains performance as expectation of entrepreneurs' specific actions and examines how firm performance is measured.

Firm performance

Generally, performance refers to how successful role achievement (behaviour) is accomplished. It is the end result of the application of effort on tasks that comprise a person's job. Performance, in essence, is the net effect of a person's effort as modified by his/her role perceptions. It can be measured by objective means such as physical output, or by subjective measures such as rating made by others or ratings made by the individual. In this study the

researcher adopts ratings made by the individual entrepreneurs as performance.

The subjective means of performance is measured with satisfaction which refers to the extent to which rewards actually received meet or exceed the perceived equitable level of rewards (Mitchell, 2010). By this, perceived equitable rewards refer to the level or amount of rewards that an individual feels it should receive as a result of a given level of action. Simply put, it is the amount of rewards and individual feels should be attached to an action. To this end, a person is dissatisfied when the degree of equitable rewards exceeds actual rewards. Performance in entrepreneurship can be examined on the individual or firm level (Kuratko, 2005). This study measures performance on the firm level.

Firm performance measures are defined as metrics employed to quantify the efficiency and/or effectiveness of the firm (Tangen, 2003), and these have always remained a problematic issue in entrepreneurship research. One of the key challenges with performance measurement is selecting what to measure (Mukras, 2003). Also, many measures have been used to capture venture performance in the entrepreneurship literature to date, including both subjective and objective measures. Overall, the choice of measures has been very eclectic, making it difficult to compare and contrast results from different studies. Diversity of such measures used in the literature constitutes additional sources of methodological heterogeneity (González-Benito & González-Benito, 2005). A subjective measure is an opinion or estimates provided by respondents who are asked to assess their firm's performance (Covin, Prescott, & Slevin, 1990), whereas an objective measure is based on independent

observable facts, either by asking respondents to report absolute values or by accessing secondary sources (Vorhies & Morgan, 2003), and influenced by industry-specific factors.

Venkatraman (1997) proposed a two-dimensional categorization scheme encompassing outcome-based financial indicators versus operational performance measures of which the financial performance measurement is a multi-dimensional one. Sample of financial measures, grouped into dimensions can be presented as profitability; return on investment (ROI), earnings before interest and tax (EBIT), sales growth and gross profit margins, Efficiency; return on sales (ROS), return on equity (ROE). The operational measures consists of those key parameters which may lead to an improvement in financial performance and these are market-share, new product introduction, product quality, marketing effectiveness, manufacturing or value-addition and innovation within the domain of business performance.

Accordingly, analyses made by using single financial measure or several measures relating to only one dimension may lead to misleading conclusions and recommended that, a broader conceptualization of business performance should include emphasis on measures of operational performance. This is corroborated by Kaplan and Norton (2005) who posit that a balance between the financial and operational performance ensures long-term survival and growth.

For small firms however, subjective performance and non-financial measures appear to be more essential than quantitative (objective) measures (Lin, 2007). On the contrary, Monkhouse (1995) reported that only 50 percent of SMEs use non-financial internal benchmarks, ranging in a descending order

of importance from quality, competitive performance, resource utilization, flexibility, to innovation. This researcher concluded that non-financial benchmarks balancing family and work and innovation are far from being over-used and abused. Again, researchers advocate growth as the most important performance measure of SMEs (Low & MacMillan, 1988; Brush & Vanderwerf, 1992; Chandler & Hanks, 1994). It is also argued that growth is a more precise and easily available performance gauge than accounting measures and hence it is superior to indicators of financial performance.

An alternative view is that performance is multidimensional in nature and that it is advantageous to integrate different dimensions of performance in empirical studies (Lumpkin & Dess, 1996). However, according to Kuratko, (2005) is possible to regard financial performance and growth as different aspects of performance, each revealing important and unique information.

According to Kallberg and Leicht (1991) and Keats and Bracker (1998), the factors that influence performance of small firms can be classified into two main areas: those that emanate from the firm's internal environment (micro-level factors), and those associated with the external environment (macro-level factors). The micro-level determinants include the resources of the firm, the strategies adopted, and the psychological and demographics of the owner-manager. The macro-level determinant cover markets, economic, financial, technological, legal and political conditions as well as the socio-cultural context in which the firm operates. These can be assessed using the perception of the entrepreneurs' satisfaction with the items.

In this study, a multi-dimensional approach of mixing growth financial and non-financial indicators of firm performance and subjective measure of

performance approach will be adopted. This is because, knowing how the different areas of the firm are performing is valuable information in its own right, but a good measurement system must take into consideration the perception of the business owner (Covin et. al., 1990). This puts SME owners in a better position to manage their firm performance proactively. The next session of this chapter assesses the relationship between entrepreneurial motivation and firm performance by examining the empirical studies and findings of previous researchers.

Entrepreneurial motivation and firm performance

Impact of entrepreneurs' motivation on firm performance is a widely known topic in developed countries. A number of studies have been conducted to determine this relationship. Kuratko, Hornsby and Naffziger (1997) and Robichaud, McGraw and Roger (2001) surveyed entrepreneurs from North America to determine what motivation categories lead to business performance. Findings from their studies show that motivation of entrepreneurs falls into four distinct categories: extrinsic rewards, independence/autonomy, intrinsic rewards and family security. These four groups of factors determine the motivation level of entrepreneurs which in turn affects their business success. Among the four, the most important factor that influences firm performance is the intrinsic rewards.

Benzing, Chu and Kara (2009) also presented research results from African countries. Ugandan entrepreneurs are motivated by "making money" (Bewayo 1995). A study of entrepreneurs in Kenya and Ghana (Chu, Benzing & McGee 2007) found that the strongest two motivators that affect success

were to increase income and to provide self-employment. Roy and Wheeler (2006) found that microenterprise owners in West Africa were motivated by a desire to satisfy basic psychological needs such as food and shelter.

A recent study by Failla (2012), also corroborate earlier works. Stated differently, the motivation to transition to starting up ones' own business or self-employment affects the task performed, the decisions taken and ultimately the performance of the firm. The researcher therefore explains that it is for this rationale that the understanding of firm performance can be arguably improved by referring to a model including the relationship between motivation of the entrepreneur and the survival, growth of the firm, revenue, output, level of employment or other performance measures of the firm.

Accordingly, Gimeno, Folta, Cooper and Woo (1997) posit that in order to straighten out the influence of motivations on a firms' performance, researchers have to put importance on controlling for opportunity costs and abilities. According to this suggestion, for entrepreneurs with similar opportunity costs that is, homogeneous level of wealth prior to the star-up of the business and abilities, measured at similar level of education, it can be deduced that entrepreneurs subject to different motivations will perform differently. Consequently, motivation is in fact what explains "direction, effort, and persistence of action" (Hechavarria et al. 2010). Entrepreneurs presenting lower risk-aversion are more likely to engage riskier economic activities which are in turn are very likely to imply, on average, a higher failure rate of firms (Failla, 2012).

However, in this view, the broad distinction of motivation in monetary/non-monetary can produce both opposite outcomes on the survival

of the firm, rendering it more/less likely. In order to separate more specifically the effects of entrepreneurs' motivation on the survival of the firms, Failla (2012) proposes a more specific type of motivation. The first type of motivation according to him is one associated with a high measure of self-efficacy, and characterized by the overconfidence bias; this can produce harmful results in terms of performance "when the overconfidence is based on assumptions that no longer hold true" (Baum & Locke, 2004) which Failla (2012) calls proactivemotivation.

This kind of motivation as explained by Failla (2012) is observed for instance when the entrepreneur indicates as motivation to have new work-related challenges: the goal pursued is of course non-monetary but consisting of an undefined "proactive" orientation. On the other side, entrepreneurs can have other types of motivation more linked to the preservation of the status-quo. When a person starts a new firm after support from his/her own family members, the action performed will be less leveraged on the personal, perceived self-efficacy and overconfidence. The goals associated with a status quomotivation are likely to be more conservative and prudent when compared to a proactive-motivated entrepreneur.

Gimeno et al. (1997) put forward that the same performance is perceived in a different way by different entrepreneurs: they have different characteristics, endowments and outside options. They explain that an entrepreneur decides to remain self-employed as long as a minimum performance is achieved; this minimum performance could be viewed as a threshold under which the business will be shut down. Gimeno et al (1997) inference is that entrepreneurs presenting higher opportunity costs will shut

down a business that is still attractive in terms of profitability for an entrepreneur with a lower opportunity cost. In this case, it becomes interesting to consider the effects of the motivation, since it is arguably also strictly entangled to the definition of the threshold itself. In order to do this, two further elements are added: the ability and hierarchical position of the individual in the firm (Failla, 2012).

High-ability individuals in the top management who transit into entrepreneurship and is motivated by some sought of disagreements with former colleagues are very likely to pursue an opportunity that is almost equal to their opportunity cost. This opportunity is therefore better than the one pursued by low-ability and low opportunity-cost entrepreneurs. Equally, Arora and Nandkumar (2011) point out the importance of considering the role of opportunity costs and take them into account in this analysis.

According to the results, cash-outs, captured as the successful absorbing state, become more likely for high quality firms where individuals have higher opportunity costs. In particular the effects of experience and initial size increase the risk of success for high quality ventures and increase the risk of failure for the low quality ventures. A further characteristic of the entrepreneur that has an impact on the survival is the risk-taking profile (Failla, 2012). According to Baum and Locke (2004) although increasing risk may sometimes lead to high performance, it can also lead to disaster when the risks are foolish. "To undertake riskier activities" can produce in principle better results, but will increase the risk of failure (Failla, 2012).

Contrary to other findings postulated earlier, little or no relationship has been found between entrepreneurial characteristics such as need for

achievement, locus of control, risk taking, and performance (Begley & Boyd, 1987; Box et al., 1993; Miller & Toulouse, 1986). The most important variables are income and “own boss” which are found as significant predictors in almost every study. In addition, the probability of survival is positively affected by having self-employed parents (Cooper et al., 1989). Furthermore, older companies and entrepreneurs have a higher possibility of survival, and better financial performance than younger ones (Chaganti & Schmeer, 1994). Important factors that positively affect growth, survival and financial performance are planning (Lussier, 1995), the entrepreneur's education and experience.

Conceptual framework of the study

The major conceptual argument of scholars of entrepreneurship in terms of motivation posits that entrepreneurial motivation is a unifying focus for the efforts of individuals within the SME sector, thereby leading to superior performance (Kuratko, 2005). The conceptual framework of this study is based on the works of Banzing and Chu (2009), and modified by Berthelot (2011) which clarifies the construct of entrepreneurial motivation into entrepreneurial traits, pull factors, push factors and resource availability factors.

According to them, there are twenty-one entrepreneurial items which fit into entrepreneurial motivation. These are grouped under four sub factors of Entrepreneurial traits, pull factors push factors and resource availability factors and these factors determine firm performance. The model is explained by Hechavarria et al., (2010) that entrepreneurial motivation explains

direction, effort and persistence of action. Stated differently, according Failla, (2012), the motivation to transition to starting one’s own firm or self-employment affect the task performed, the decision taken and ultimately firm performance. The conceptual framework of the study is shown in Figure 2.

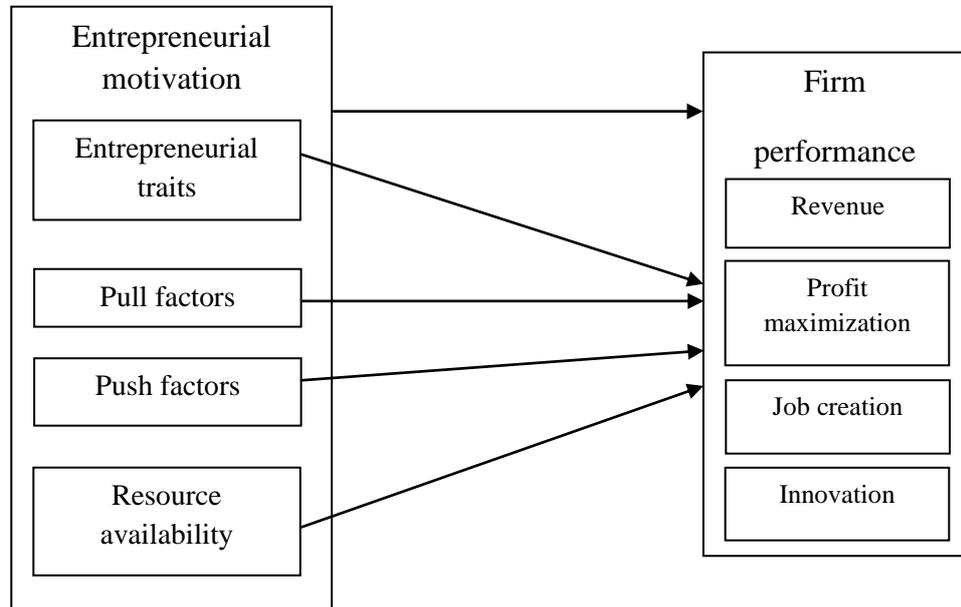


Figure 2: A conceptual framework of entrepreneurial motivation and firm performance

Source: Researcher’s construct, 2013.

Figure 2 illustrates the individual and composite influence of the entrepreneurial motivation factors on firm performance with the variables of entrepreneurial traits, pull factors, push factors and resource availability factors as determinants of entrepreneurial motivation. Sales revenue, profit maximization, job creation and innovation were used to measure business performance. The next chapter put forward the methodology that was used to guide the study and for the data analysis and presentation.

CHAPTER THREE

METHODOLOGY

Introduction

The purpose of this study is to examine the relationship between entrepreneurial motivation and firm performance of entrepreneurs in the New Juaben Municipality. This chapter explores the study area, research design, population, sample and sampling procedure, data collection procedure, instrument and instrument design and the method of analysis that helped to achieve the objective of the study.

Study area

This study is conducted in the New Juaben Municipality. New Juaben Municipality is in the Eastern Region of Ghana with Koforidua being the municipal and regional capital. It occupies an estimated area of 110 square kilometers (0.57%) of the total area of the region. The Municipality shares boundaries with East-Akim Municipal on the north-east, Akwapim North District on the east and south and Suhum Krobo Coal Tar District on the west. The Municipality has a population of about 183,727 according to the 2010 population and housing census which is 7 percent of the total population in the region (GSS, 2012). Females are the dominant group and they constitute 51.7 percent of the population while the males constitute 48.3 percent. The Municipality is basically urban forming 93.27 percent of the population.

The capital, Koforidua, is the centre of most administrative, commercial and political activities. The municipality is divided into three main sectors: the agricultural (28.1%), industrial (27.4%) and service (44.5%) sectors, with the agricultural activities located at the edge of the municipal capital. There are a number of industrial activities in the municipality and are basically on the medium and small scale. These industries include activities such as alcoholic and non-alcoholic beverages production, textiles, crafts, soap making, carpentry and joinery, traditional medicine and palm and kernel oil production.

The researcher selected this municipality owing to the fact that it is urban in nature and its proximity to the national capital, Accra. The proximity and its state of urbanization have led to influx of entrepreneurs into the municipality. Additionally, the researcher has stayed in the municipality since childhood and therefore knows and has good relationship with some of the entrepreneurs there. This is in line with Bartholomew and Smith (2006) who found that social networks increase the response rate of respondents. Furthermore, the municipality is inundated with entrepreneurs from all sectors of the economy. NBSSI (2009) found that the municipality has a high proportion of self-employed individuals in Ghana.

Research design

Research design refers to the overall strategy that you choose to integrate the different components of a research work in a coherent and logical way (Saunders, Lewis, & Thornhill, 2007). It constitutes the blueprint for the collection, measurement, and analysis of data. The research design employed

in this current study is descriptive research design. A descriptive research design is a type of research method that is used when one wants to get information on the current status of a person or an object. It is used to describe what is in existence in respect to conditions or variables that are found in a given situation.

According to Saunders et al., (2007), a descriptive research design is concerned with the condition or relationship that exists, such as determining the nature of prevailing conditions, practices, attitudes, and opinions that are held, processes that are going on, or trends that are developed. In other words, this type of design is used to describe the nature of a situation, as it exists at the time of the study and to explore the causes of a particular phenomenon. Additionally, a descriptive research design is usually associated with the deductive approach or to make inferences and is most frequently used to answer questions, which begins with: who, what, when, where and how.

This research design was chosen mainly because it comprises a cross-sectional design in relation to which data are collected predominantly by interview schedule or by structured interview (Bryman & Bell, 2003). It also provides opportunity to explain people's perception and behaviour on the basis of data gathered at a point in time. Furthermore, it has the advantage of producing good responses from a wide range of people and also it involves accurate and objective collection of data to describe an existing phenomenon (Nwadinigwe, 2005). It is also an inferential design which consists of the use of correlation and regression which helps in ascertaining relationship and the strength of relationship between variables.

Target population

The population was drawn from firm owners or entrepreneurs of small scale enterprises in the New Juaben Municipality in the Eastern Region of Ghana. Determining the population of small scale enterprises in Ghana has always been met with some difficulties. In spite of this, the study adopted the registered small scale enterprises by NBSSI in the New Juaben Municipality as its target population. According to this source, there are 434 small scale firms registered by NBSSI in the Municipality as at 2009 (NBSSI, 2009).

Sample and sampling procedure

To achieve relevant information, the sample inclusion criterion was that all respondents are SME owners within the New Juaben Municipality. This qualification was to ensure that the respondents chosen from the population understand the nature of the interview, making the survey questions easy for them to answer and/or complete.

A simple random sampling technique, specifically the lottery method was used to select a sample size of 205 respondents in accordance with the prescription by Krejcie and Morgan (1970) on the adequacy of a sample size. According to the researchers, a sample size of 205 is adequate for a population of 434. However, due to constraints such as closure or relocation of some of the registered SMEs without change in address or updating of the NBSSI data, researcher's time and finances involved in locating the firms and self-administration of the instrument adopted by the researcher, 70 respondents responded adequately to the questions on the interview schedule. Therefore, analyses were made using the 70 respondents.

The probability sampling technique adopted allows for equal opportunity of being selected as respondent to the study. It helps avoid or reduce researcher biases. Therefore the low response rate would not affect the quality of work but it would be difficult to generalize the findings. Again, the SMEs in the municipality that were selected and responded to the questions adequately operated in one of the classified sectors: retail, services and manufacturing. The classification was done using the NBSSI classification (NBSSI, 2009).

Sources of data

The sources of data collection were both primary and secondary. The study principally used primary data obtained from the field by way of responses from the SME owners (respondents) in the New Juaben Municipality for the analysis in the study. The secondary data was gathered from enterprise records which can be found in NBSSI reports, GSS surveys and World Bank reports. In addition, the researcher reviewed literature relevant for the study from articles, journals, books, print media, internet and experience.

Measurement of variables

Measures of entrepreneurial motivation

According to Benzing and Chu, (2009), entrepreneurial motivation (Mot) has several motivation items. These have been reduced to twenty one main items which can be grouped into four main indicators namely entrepreneurial traits (Tra), push factors (Pus), pull factors (Pul) and resource

availability (Res). These indicators are used to measure entrepreneurial motivation (Mot).

The four main indicators that this study employed to measure entrepreneurial motivation and their specific items are as follows:

1. Entrepreneurial traits (Tra)

- Need for achievement
- Internal locus of control
- Risk-taking propensity
- Self-efficacy
- Tolerance for ambiguity
- Goal setting

2. Pull factors (Pul)

- Independence/own boss
- Material/Monetary incentives
- Challenged
- Lifestyle
- Saw opportunity

3. Push factors (Pus)

- Flexibility in work schedule
- Former paid job dissatisfaction
- Changing world of work
- Helped by employer/family member
- Child rearing/family influence
- Provide job/security for the family
- Escape of negative situation e.g. unemployment

4. Resource availability (Res)

- Acquisition of social capital e.g. business networking and family connections.
- Access to financial capital e.g. Loans, won a lottery, inheritance, and family or community contribution.
- Possession of human capital e.g. educational professional background, knowledge, acquired skills, career experience.

Each of these items under the four main indicators is scaled from 1-5 indicating the importance an entrepreneur attaches to an item in ascending order. Thus, 1 is the lowest and 5 is the highest importance attached to an item. The average of each variable determines the level of importance attached. Entrepreneurial motivation (Mot) is therefore measured by entrepreneurial traits (Tra), pull factors (Pul), push factors (Pus) and resource availability (Res). These are termed the independent variable.

Measures of firm performance

The four main firm performance (Y) indicators often used in SMEs research are sale revenue, profit maximization, job creation and innovation (Kuratko, 2005) since they are the main business objectives of SMEs in mainly developing countries (Collins et. al., 2004). This study adopts these same measures of firm performance and employs a subjective means of collecting data on these indicators. This was achieved by the entrepreneurs' self-assessment of the satisfaction with the achievement of the business objectives.

The use of self-assessment measures is well received in the literature as researchers (Dess & Robinson, 1984) have demonstrated convergent

validity of such scales. Therefore this variable is measure by first, the entrepreneur ascribing importance to the business objective on a scale of 1-5 and then indicating the satisfaction with the achievement of the objectives also on a scale of 1-5 with 5 being the highest. A performance index is then created out of the responses.

Dawes (1999) provided four reasons why subjective measure of firm performance is appropriate. First, SME owners may be reluctant to disclose actual performance data if they consider it commercially sensitive or confidential. Second, subjective measures may be more appropriate than objective measures for comparing profit performance in cross-industry studies. This is because profit levels can vary considerably across industries, obscuring any relationship between the independent variables and company performance. Subjective measures might be more appropriate in this situation because managers can take the relative performance of their industry into account when providing a response (satisfaction with business objectives set).

Third, performance measures such as profitability may not accurately indicate the underlying financial health of a company. Profitability may vary due to reasons such as the level of investment in R&D or marketing activity that might have longer term effects. Last, there have been several studies that show a strong correlation between objective and subjective measures. Firm performance is termed the dependent variable.

Data collection instrument

The interview schedule was the instrument employed to collect data for the study. An interview schedule is the guide an interviewer uses when

conducting a structured interview. It has two components: a set of questions designed to be asked exactly as worded, and instructions to the interviewer about how to proceed through the questions. The questions appear in the order in which they are to be asked. The questions are designed so they can be administered verbatim, exactly as they are written. The questions need to communicate not only what information is being asked of respondents but also the form or the way in which respondents are to answer.

According to Cooper and Schindler, (2006) a good interview schedule must have a good layout, unambiguous questions, complete items, non-offensive but relevant items, logical arrangements of items, and the ability to elicit willingness to answer by respondents. The interview schedule for this study comprised both open and close-ended questions which were made easier for data analysis by the researcher and for the respondents to answer.

The instrument was made up of 52 items grouped into four main sections. The first section, Section A was made up of firm characteristics which included five (5) items. The second section (Section B) designated for entrepreneurial motivation (23 items, 21 close-ended and 2 open-ended questions) was sub-divided into four parts (Part I-IV). Part I collected data on resource availability factors, Part II collected data on entrepreneurial traits, Part III collected data on pull factors and last part (Part IV) collected data on push factors. Sections (C and D) collected data on firm performance and demographic characteristics respectively. However, Section C was sub-divided into Part I and II. Part I collected data on the importance the SME owners attached to general business objectives (4 items) and Part II collected

data on the satisfaction attached to the achievement of the general business objectives.

Resource availability, entrepreneurial traits, pull factors and push factors were measured on a scale of 1-5, with the end points being: Extremely Important = 5 and Unimportant = 1. Again, the measurement points used for the importance attached to the various general business objectives were Extremely Important = 5 and Unimportant = 1.

Likert-scale is a method of measuring people's attitude by combining their score on a variety of items into a single index. Likert (1932) posit that scaling is achieved by ensuring that high-scoring and low-scoring individuals differ in their responses on each of the items selected for inclusion in the index, and the distance is assumed to be the same between categories. The Likert scale is the most widely used method of scaling in the social sciences (Tittle & Hill, 1967). Perhaps this is because they are much easier to construct and because they tend to be more reliable than other scales with same number of items. This scaling method is employed to create an index for firm performance.

Pre-testing

The interview schedule was pre-tested in order to fine-tune the questions for respondents to easily understand and respond. This was done through a pilot study which enabled the researcher to obtain some assessment of the questions' validity and reliability. The pilot study was conducted in November, 2011. In order to check the reliability of the items, the pre-test was conducted on 20 SME owners who were part of the population but did not

form part of the sample frame of the study. The respondents used for the pre-test were believed to possess similar characteristics of the sample frame for the main research work.

The number pre-tested is sufficient to include any variation in the study population. This conclusion was derived from Saunders et al. (2007) who found that, for most student interview schedules, a minimum of 10 for the pilot study is sufficient. The SME owners for the pilot study were shown introductory letter and student's ID card providing explanation of the intent and authenticity of the research. The statistical validation on the Likert-scale type of questions in Section B, Part I – IV and Section C, Part I and Part II was based on the Cronbach's alpha reliability test. With the help of SPSS (Statistical Product and Service Solutions), the internal consistency of the Likert-scale type questions was determined by means of Cronbach's alpha co-efficient. The result is depicted in the Table 1.

Table 1: Computed reliability co-efficient for pre-test of data collected

Interview schedule	Category	No. of Items	Sample Size	Cronbach's Alpha
Section B –Entrepreneurial Motivation				
Part I: Resource Availability		3	20	0.726
Part II: Entrepreneurial Traits		6	20	0.895
Part III: Pull Factors		5	20	0.728
Part IV: Push Factors		7	20	0.717
Section C: Firm Performance				
Overall Firm Performance		8	20	0.801

Source: Field data, 2013.

The results indicate that the reliability co-efficient for all the questions exceeded 0.70. Research has shown that scales with Cronbach's alpha co-efficient of 0.70 or more are considered reliable (Pallant, 2005). Therefore no modifications were made in the interview schedule in terms of items in the construct (entrepreneurial traits, pull factors, push factors resource availability and firm performance) since all the constructs scored the required Cronbach's alpha co-efficient of 0.70 after the pre-test. However, since the interview schedule was written in English, during the pilot study most of the owners demanded some or the entire question to be translated and explained in the local dialect which was duly complied with while few responded to the interview schedules as read in English without asking for translation.

Data collection procedure

The self-administered interview schedule formed the main source of data for this study. Before data collection, the respondents were shown introductory letter (See Appendix A) and student's ID card providing explanation of the intent and authenticity of the research. The respondents were again assured of confidentiality as stated in the introductory letter. The interview schedule was then read and explained in language of preference to the respondent to respond.

Some respondents asked for the interview schedule to be read in the local dialect (Twi) and others preferred it been read in English language which was duly done. All the respondents were thoroughly guided by the researcher to respond to the interview schedule appropriately to avoid ambiguity. Their efforts were appreciated by thanking them.

Data analysis

After gathering all the completed interview schedules from the respondents (entrepreneurs in the New Juaben Municipality), each was numbered and coded, and the responses entered into the computer and the Statistical Product and Service Solutions (SPSS version 17.0) software was used for the analysis and visual errors were verified. Total responses for each item was obtained and tabulated. The data was analysed and presented based on how each response reflects the associated research question.

The following outputs were generated:(1) Independent variables (entrepreneurial traits, push factor, pull factor and resource availability) and dependent variable (firm performance), (2) frequency distribution for the variables (including firm and demographic characteristics), (3) the mean scores(4) a correlation matrix of the variables and (5) regression coefficients. These statistics helped to get a feel for the data and indicated that the responses range satisfactorily over the scale.

The preliminary analysis and presentation was done using descriptive statistics: percentages and frequency distributions generated through SPSS software. A bivariate correlation analysis was employed to determine the relationship between entrepreneurial motivation and firm performance of the SMEs. Finally, regression analysis was employed to establish the effect of the independent variable (personality traits, pull factors, push factors and resource availability) on the dependent variable (firm performance), the direction and strength of influence.

The a priori expectation of this study is that entrepreneurial motivation positively influences firm performance. The model for the regression analysis

that was used to predict the effect of entrepreneurial motivation on firm performance of the SMEs is therefore as follows:

$$Y = a + \beta \text{Res} + \beta \text{Tra} + \beta \text{Pul} + \beta \text{Pus} + \varepsilon_i$$

Where, Y=Firm Performance

a=Constant

β = Beta coefficient

ε_i =Error

Res=Resource Availability

Tra=Entrepreneurial Traits

Pul=Pull Factors

Pus=Push Factors

$$Y = a + \beta \text{Mot}$$

Where Y=Firm Performance, a=Constant, β =Beta coefficient and Mot=Entrepreneurial motivation.

The test of the hypothesis was done at 0.05 (5%) significant level. Therefore a test result is statistically significant when the significant value or p-value is less than 0.05. Moreover, in order to assess whether a particular hypothesis is supported or not, the sign of the beta coefficient (β) was taken into account. If the sign of the beta coefficient is in the same direction as hypothesised and the contribution to the variable is significant, then the hypothesis is considered supported. If the beta coefficient is in the opposite direction to the hypothesis and the contribution is significant then the hypothesis is considered not supported.

However, there are two more other possibilities. First and foremost, if the beta coefficient is in the same direction as hypothesised and the

contribution to the variable is not significant, then the hypothesis is considered supported but not statistically significant. The second possibility is if the beta coefficient is in the opposite direction to the hypothesis and the contribution to the variable is not significant, then the hypothesis is not supported and not statistically significant. A correlation analysis was employed for the preliminary test to examine the relationship between the variables. The results are presented in the next ensuing section. The details of the exercises and the corresponding results are provided in the next chapter.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents results of the empirical study carried out to examine the relationship between entrepreneurial motivation and firm performance of SME entrepreneurs in the New Juaben Municipality. The analyses are done using 70 respondents (SME owners) who adequately responded to the questions during the data collection process.

The chapter begins with the analysis and discussion of the socio-economic characteristics of the respondents' firm followed by their demographic characteristics. The next section addresses the level of importance attached to the various entrepreneurial motivation factors which is followed by the section which discusses the relationships between the independent variable (entrepreneurial traits, push factors, pull factors and resource availability) and the dependent variable (firm performance). The chapter finally discusses the individual and composite influence of the entrepreneurial motivation factors on the firm performance of the SME owners. The results and the discussions are presented on the next ensuing sections.

Socio-economic characteristics of the respondents

The first objective of this study was to examine the socio-economic characteristics of the respondents to provide a general overview of the calibre of SME owners in the New Juaben Municipality. The factors looked at included the sex of the respondents, age and educational level, career experience and marital status. The results for sex, age and educational level of the respondents are depicted in Tables 2.

Table 2: Socio-economic characteristics of the respondents (sex, age and educational level)

Sex	Frequency	Percentage	Cumulative Percentage
Male	43	61.4	61.4
Female	27	38.6	100.0
Total	70	100.0	
Age (in years)			
18-25	5	7.1	7.1
26-33	27	38.6	45.7
34-41	19	27.1	72.9
42-50	13	18.6	91.4
Above 50	6	8.6	100
Total	70	100	

Table 2: Cont'd)

Highest level of education attained	Frequency	Percentage	Cumulative Percentage
No education	2	2.9	2.9
Basic/JHS	17	24.3	27.1
SHS/Voc/Tech	38	54.3	81.4
Tertiary	11	15.7	97.1
Others	2	2.9	100
Total	70	100	

Source: Field data, 2013

The results from Table 2 show the sex distribution, age and level of education of the respondents sampled for this study. The table indicates that majority of the entrepreneurs are males 43(61.4%), while the remaining which forms the minority are females 27(38.6%). This is in spite of the fact that the population of the municipality is predominantly female. The result shows that more males enter into businesses than females. This result is consistent with studies by Kuratko and Hodgetts (2001), Asomaning (2011) and Yeboah (2011) which reveal that generally, there are more male entrepreneurs than female entrepreneurs in developing economies. In the same studies, it is concluded that entrepreneurship is seen as preserve of men.

With regards to the age of the respondents, the results show that majority of the SME owners or entrepreneurs are within the ages of 26-41 years. This is represented by 46 (65.7%) of the respondents. Of the remaining 24 (34.3%) respondents, 13 (18.6%) are within the ages of 42-50 years, while only 6(8.6%) are above 50 years. The distribution moreover shows that the

minority of people who own and operate small businesses are within the ages of 18 to 25 years representing 5 (7.1%) of the respondents. Perhaps, this is an indication that majority of this young age group are still in school pursuing their various programmes of study or are yet to enter into businesses.

On education level attained by the respondents, the results indicate that most of the respondents are SHS/Voc/Tech certificate holders representing 54.3 percent of the entrepreneurs sampled, 24.3 percent had Basic/JHS and 15.7 percent had tertiary certificates. Only 2.9 percent of the respondents have no formal education. Again, 2.9 percent of the respondents have other educational qualifications apart from Basic, JHS, SHS, Vocational Technical and Tertiary. These other educational level may probably be postgraduate or/and professional qualification.

This shows that most of the people who set up their own business have some form of formal education. This indication reveals a change in trend where most people who had their own businesses, especially those who operated on a small scale had no formal education or were not motivated to invest in formal education, due to the unattractive nature of the sector as compared to the lucrative nature of white collar multinational firms. The next table (Tables 3) depicts the career experiences of the entrepreneurs before the start of their businesses. The results in table 3 indicate that out of 70 respondents asked to specify whether they had working experience or not, 36 of them, representing 51.4 percent answered 'yes' to having working experience elsewhere before starting the firm, while the remaining 34 representing 48.6 percent did not have working experience before starting the business.

Table 3: Career experience before starting the business

Career Experience	Frequency	Percentage	Cumulative Percentage
Yes	36	51.4	51.4
No	34	48.6	100
Total	70	100	
Type of career experience			
Operating another firm	14	38.9	38.9
Employee in management position	2	5.6	44.4
Employee in non-management position	11	30.6	75
Employee in family business	9	25	100
Total	36	100	

Source: Field data, 2013.

Of the 36 (100%) SME owners who answered 'yes' to having career experience before starting the businesses, 38.9percent had working experience through managing a different owned firm before establishing the current firm and 5.6 percent acquired career experience whilst working as employee in management position summing up to 44.4 percent. The remaining 55.6 percent acquired working experience through being employee in non-management position, out of which (30.6%) received their experience through their role as employee in non-management position in private or government firm and (25.0%) had their career experience through being employee in family business.

This shows that out of the 70 respondents (SME Owner-managers), 34 had no career experience. Of the 36 remaining, a minority (44.4%) acquired working experience in a management position. Thus, the majority (55.6%) of the SME owners had their career experience through being employee in a non-managerial position (elsewhere or in a family business) before establishing their own firms. This result confirms McClelland, (1998) findings that entrepreneurs are highly motivated by “need to achieve” or “can do” spirit. Again, Shane et al., (2003) found that entrepreneurial role necessitate independence which is often lacking in being an employee in non-management position.

The last socio-economic characteristic to be discussed is presented in Table 4. It depicts the marital status of the respondents. The results point to the fact that majority of the firm owners are married 41(58.6%). This is followed by entrepreneurs who are not married (single) representing 24(34.3%) of the respondents. The widows/widowers, constitutes 2(2.9%) while 3(4.3%) are divorced. Marriage comes with higher responsibility over spouse and children. The result therefore reveals that the entrepreneurs have responsibility and obligation towards their family and are likely motivated by family oriented motivators (Mitchell, 2010).

Table 4: Marital status

Marital Status	Frequency	Percentage	Cumulative frequency
Single	24	34.3	34.3
Married	41	58.6	92.9
Divorced	3	4.3	97.1
Widowed	2	2.9	100
Total	70	100	

Source: Field data, 2013.

The next section addresses the business characteristics of the respondents' firms.

Business characteristics

This section addresses the second component of the first objective of the study. It examines the business characteristics of the respondents' firm. Issues covered include the type of economic activity the firm is engaged in, type of ownership or legal form of the firm, average weekly sales revenue, firm age and number of employees employed (full-time and part-time). The results are presented in two different tables (Table 5 and 6). Table 5 depicts the type of economic activities of the firms, the type of ownership of the firm and the average weekly revenue/sale realised by the firm. Table 6 shows the age of firm and number of employees engaged.

Table 5: Business characteristics

Economic activity	Frequency	Percentage	Cumulative Frequency
Services	19	27.1	27.1
Manufacturing	9	12.9	40.0
Retail	34	48.6	88.6
Others	8	11.4	100.0
Total	70	100.0	
Type of ownership of firm			
Sole proprietorship	52	74.3	74.3
Partnership	8	11.4	85.7
Company	10	14.3	100.0
Total	70	100.0	
Average weekly revenue/sales (GH¢)			
less than 500	32	45.7	45.7
500-1000	23	32.9	78.6
1001-1500	4	5.7	84.3
1501-2000	5	7.1	91.4
Average weekly revenue			
above 2000	6	8.6	100.0
Total	70	100.0	

Source: Field data, 2013.

With regards to the economic activity of the SMEs, the results indicate that the highest number, 34 (48.6%) of respondents are engaged in retail

businesses followed by services industry with a total number of 19 representing 27percent whilst of the remaining 17, 9 (12.9%) are engaged in manufacturing business and 8(11.4%) are engaged in other economic activities. As indicated by the results, majority (87.1%) of the SMEs in the municipality are non-manufacturing firms, thus most of the firms are retail and services business while a few of the SMEs owners are into other economic activities apart from service, manufacturing, and retail business.

This confirms the dominance of the retail and services sector in Ghana due to ease of entry and low level of start-up capital requirement as argued by Baah and Achakomah (2007). In particular, the population census conducted in 2010 by Ghana Statistical Service put service industry in the municipality at 44.5 percent as against 27.1 and 28.4 percent respectively for agriculture and manufacturing (GSS, 2012).

With regards to the legal form (firm ownership) of the SMEs, the result shows that 52 of the entrepreneurs' firms, representing 74.3 percent of the respondents are solely owned (sole proprietorship). This is consistent with extant study which found that majority of SMEs are solely owned by the entrepreneurs due to their nature of having less legal requirements to establish. 10 out of the 70 firms are companies representing 14.3 percent of the respondents. The least of ownership type is partnership representing 11.4 percent (8out of the 70). The result clearly shows that most of the SMEs in the New Juaben Municipality are solely owned. Some of the reasons assigned are low legal requirement of formation, profit distribution, control and expedition in decision-making.

In terms of sales revenue generated per week by the respondents' firms, the results indicate that 32 respondents constituting 45.7 percent earn average weekly revenue/sales of less than GH¢500. Thus, the remaining 38 (54.3%) respondents earn average revenue greater than or equal to GH¢500. In other words, majority of SME owners earn average revenue above GH¢499 weekly. Twenty-three (32.9%) earn between GH¢500-1000. Of the remaining 15 (21.4%), 4(5.7%) earn a weekly sales revenue of between GH¢1001-1500, 5 (7.1%) earn GH¢1501-2000 and the remaining 6(8.6%) earn above GH¢2000. The result indicates that on the average within the New Juaben Municipality, there is high level of revenue or sales turnover among SME firms since more than 50 percent earn average weekly revenue/sales of GH¢500 or more. The last two business characteristics captured by the study is depicted in Table 6.

Table 6: Age of firm

	years of operation	number of employees
N	70	70
Mean	8.9571	4.5286
Minimum	1	0
Maximum	50	30

Source: Field data, 2013.

With respect to the number of years the firms have been in existence, the result depicted in Table 6 indicates that the average number of years an entrepreneur in the New Juaben Municipality has operated his/her business is approximately nine years. This is an indication that most of these enterprises

have been in existence for the past 9 years, so at least in terms of working experience these entrepreneurs in the municipality have a lot. This is further explained by the fact that the minimum number of years an enterprise has been in operation is a year, while the maximum number of years is 50 years of operation. The frequency here is not normally distributed. Thus, there were few entrepreneurs who have been operating their firms for 50 years.

In relation to the number of workers employed, Table 6 presents the number of employees an entrepreneur selected at random is expected to have. The results show at least five employees comprising both full time and part time. Thus, the average number of employees of SMEs in the New Juaben Municipality is 5. Some entrepreneurs do not have employees while the maximum number of employees (both full-time and part-time) in the municipality is 30. This is very encouraging in terms of firm size. The next section presents the results of the level of SME owners' entrepreneurial motivation.

Level of entrepreneurial motivation

This section addresses the second objective of the study which throws light on the level of importance attached to the various entrepreneurial motivational factors. In order to achieve this objective, the data was analysed using mean scale from 1 to 5 with 1-2.5 indicating low level entrepreneurial motivation while 2.6-5 indicates high level entrepreneurial motivation. The results presented in Table 7 show the average importance attached to each entrepreneurial motivation construct and the items under them.

Table 7: Mean score of entrepreneurs' motivational scale

Entrepreneurial Traits	Mean*
need for achievement	4.12
risk-taking propensity	3.60
self-efficacy	3.55
goal setting	3.51
internal locus of control	3.37
tolerance for ambiguity	3.17
*Overall Mean	3.55
Pull Factors	Mean*
saw opportunity	3.85
material/monetary incentives	3.82
independence/own boss	3.68
Challenged	3.44
Lifestyle	2.07
*Overall Mean	3.37
Push Factors	Mean*
provide job/security for the family	3.87
child rearing/family influence	3.51
escape from negative situation	3.29
flexibility in work schedule	3.22
helped by employer/family members	3.01
former paid job dissatisfaction	2.54

Table 7: Cont'd

changing world of work	2.22
*Overall Mean	3.09
Resource Availability	Mean*
possession of human capital	3.27
acquisition of social capital	2.74
access to financial capital	2.62
*Overall Mean	2.88

Source: Field data, 2013.

***Scale (Mean):1-5**

The importance attached to the motivational factors for the entrepreneurs is grouped into a mean scale. The scale was scored from 1 (unimportant) to 5 (extremely important) with 1=Lowest and 5=Highest. Thus, the closer the number to 5 the higher the importance of the motivational factor to the entrepreneurs.

Level of importance attached to entrepreneurial traits

This section discusses the level of importance attached to entrepreneurial traits such as need for achievement, goal setting, tolerance for ambiguity etc. the overall mean for this motivational factor is ranked the highest ($\bar{X} = 3.55$) by the entrepreneurs. Specifically, the results clearly show that the variable 'need for achievement' is ranked the highest important ($\bar{X} = 4.13$) motivational item by majority of the respondents. This motivational factor which is classified as an entrepreneurial trait is the most important factor to almost all the entrepreneurs. The result confirms literature (Fineman, 1977; Shane et al., 2003; Collins et al., 2004). It concludes that 'need for

achievement' is a key characteristic of individuals who strive to excel as successful entrepreneurs.

Research suggests that need for achievement is strongly related to firm founding and entrepreneurial activity (Johnson, 1990). Need for achievement, also known as achievement motivation, has also been found to significantly predict venture performance (Begley & Boyd, 1987; Carsrud & Olam, 1986; Lee & Tsang, 2001). The next trait that is ranked higher by majority of the entrepreneurs is risk-taking propensity ($\bar{X} = 3.6$) followed by self-efficacy ($\bar{X} = 3.55$), goal-setting ($\bar{X} = 3.51$), internal locus of control ($\bar{X} = 3.37$) and tolerance for ambiguity ($\bar{X} = 3.17$). This finding implies that entrepreneurs attach a lot more importance to traits that they pose than focusing on external factors.

Level of importance attached to pull factors

This section discusses the extent to which entrepreneurs rank the importance attached to the various five motivational items that attracted them into behaving entrepreneurially. The pull factors collectively scored higher than the entrepreneurial traits with an overall mean of 3.37. Majority of the entrepreneurs ranked higher ($\bar{X} = 3.85$) the opportunity that exist in the firm. This is an indication that the entrepreneurs are highly motivated by the opportunity that exist in their firm and industry. The next pull factor that is deemed very important to the entrepreneurs is material or monetary incentive that is derived from operating one's own enterprise. The responses displayed in the table indicate that this motivational item scored a mean of 3.82. In gender comparative studies, Clain (2000) found that monetary incentives are

deemed highly important to entrepreneurs in developing countries. The entrepreneurs also scored higher ($\bar{X} = 3.68$) the importance attached to 'independence' or 'being their own boss'. The results again indicate that the entrepreneurs see the challenge involved in undertaking entrepreneurial activities as very important ($\bar{X} = 3.44$). Again, the findings reveal that firm founding is not seen by the entrepreneurs as a lifestyle. This is because 'lifestyle' as a motivational item scored a low average importance of 2.07. The next motivational factor to be analysed is push factors.

Level of importance attached to push factors

These include 'to provide job/security for the family', child rearing/family influence, escape from negative situation, flexibility in work schedule, helped by employer/family members, former paid job dissatisfaction and changing world of work. Collectively, these factors were scored third highest ($\bar{X} = 3.09$) by the respondents. The most important among them is 'to provide job security for self and family' with the mean score of 3.87. From the results, majority of the respondents are married therefore this explain why there is more importance attached to family related factors. The next highest push motivational factor scored 3.51 followed by 3.29, 3.22, 3.01, 2.54 and 2.22 respectively. It can however be observed that the entrepreneurs scored low ($\bar{X} = 2.22$) for the push factor 'changing world of work'. This is an indication that the entrepreneurs founded their firm out of enthusiasm but not frustration from previous work.

Level of importance attached to resource availability.

The motivational factor that least motivates SME owners in this study is resource availability. In general, this motivational factor scored an overall mean of 2.88. Thus, entrepreneurs in the municipality do not attach so much significance to access to financial capital, possession of human capital and acquisition of social capital.

Support systems, mentors, participation in trade associations and networking have been found to influence high performance of SMEs (Hisrrch & Brush). Again, Frazer (1995) found that access to support (including finance) from colleagues, banks and donors help SME owners bypass obstacles that may impede growth. Therefore, the findings that the entrepreneurs attach less importance to resource availability may lead to lack of information, finance and inability to seek for support from colleagues in times of difficulties.

In summary, there is a high level of importance attached to all the motivational factors by the entrepreneurs except 'lifestyle' and 'changing word of work'. However, the study revealed that majority of the entrepreneurs in the New Juaben Municipality ranked entrepreneurial traits ($\bar{X} = 3.55$) as the leading motivational factors that encouraged them to establish their own business followed by pull factors ($\bar{X} = 3.37$), push factors ($\bar{X} = 3.09$) and resource availability ($\bar{X} = 2.88$). Some of the individual's innate entrepreneurial traits that scored high mean are the need for achievement, internal locus of control, risk taking propensity, self-efficacy, tolerance for ambiguity, and goal setting ambition.

The pull factors include opportunity savvy, monetary incentives, challenge and independence. The push factors include flexibility in work schedule when operating own business, dissatisfied with former job, assistance from employer/family members, child rearing and family influence, provision of job security for the family, and escape of negative situation e.g. unemployment. All the resource availability items scored high mean. However, it is the least overall mean scoring indicator which includes career experience, winning a lottery, inheritance, competence and networking. This shows that the SME owners are self-centred and do not rely on the support of external factors.

Push factors that motivate individuals to start their own business are often seen as key factors that can influence the preparation for an entrepreneurial career in developing countries (Dobrev and Barnett, 2005). This study proves otherwise. The key motivators of SME owners in the New Juaben Municipality have been found to be the entrepreneurial traits such as need for achievement, risk taking propensity and self-efficacy. However, this study found that provision of job security for self and family, a push factor, ranked second ($\bar{X}=3.87$) in terms of mean score of the individual items indicating that the SME owners are highly motivated by family expectations as posited by Benzing et al. (2005). A study of motivation by Benzing et al. (2005) discovered some regional differences in Vietnam. Entrepreneurs in Ho Chi Minh City were more motivated to start a business for personal satisfaction and growth, while entrepreneurs in Hanoi are motivated by “push factors” related to job creation.

This finding again supports Rosa & Dawson, 2006 and Kirkwood's (2009) findings in the U.S. that need for achievement and provision of job security are deemed highly important to entrepreneurs. The next sections of this study present the results of the last two objectives of the study. These were analysed using hypothesis testing methods.

Hypotheses Testing

Five hypotheses drawn from research objectives three and four were tested using a bivariate correlation, simple regression and multiple regression analysis with the aid of SPSS to examine the influence and the relationship between the independent variables (entrepreneurial traits, pull factors, push factors and resource availability) and the dependent variable (firm performance). While the bivariate correlation was employed to address the objective three, the regression was adopted to address objective four.

As espoused and defined in the data analysis section under Chapter Three, the model of regression analysis employed in this current study to test the hypotheses are as follow:

1. Multiple regression equation:-

$$Y = a + \beta_{\text{Res}} + \beta_{\text{Tra}} + \beta_{\text{Pul}} + \beta_{\text{Pus}} + \epsilon_i$$

2. Simple regression equation:-

$$Y = a + \beta_{\text{Mot}}$$

Relationship between entrepreneurial motivation and firm performance

A bivariate correlation analysis was employed to examine the relationship between entrepreneurial motivation and firm performance of the

entrepreneurs in the New Juaben Municipality. The purpose is to identify which entrepreneurial motivational factor has the most significant relationship and the extent of the relationship. When measuring relationship between two variables using correlation analysis, the coefficient is from zero (0) to one (1) plus or minus. The closer the coefficient is to zero (0) – weak and to one (1) – strong. Again, the outcome of the study becomes significant when the p-value or significance value is less than 0.05.

The overall entrepreneurial motivation was correlated with overall performance of the respondents and then the individual variables measuring entrepreneurial motivation also correlated with firm performance. The results of the composite relationship are depicted in Tables 8. The results indicate that there is a weak positive relationship between the two main variables (entrepreneurial motivation and firm performance). Again, the relationship is not significant at the significant level of 0.05. These findings are in support of Box, Beisel and Watts, (1994) who posit that there is a positive relationship between entrepreneurial motivation and firm but quick to retort that such relationship is weak. The Pearson Correlation Coefficient is shown as 0.04 with a significance value of 0.73 (Sig. 2-tailed). Therefore, the hypothesis is supported but not significant at 0.05 significant levels.

Table 8: Correlation between entrepreneurial motivation and firm performance

		Entrepreneurial motivation
Firm performance	Pearson Correlation	.041
	Sig. (2-tailed)	.733
	N	70

Source: Field data, 2013.

As a result of the findings that the weak positive relationship that exist between entrepreneurial motivation and firm performance is not significant, the individual motivational factors (resource availability, entrepreneurial traits, push and pull factors) were individually correlated with firm performance to ascertain direction and significance of the relationships. The findings are varied and in support of Birley and Westhead, (1994); Fesser and Dugan, (1989), who found that there is no consensus with regards to the transcendence of such relationship. The next tables (Tables 9-12), therefore, present the relationship between resource availability, entrepreneurial traits, pull and push factors individually and performance respectively.

Table 9: Correlation between resource availability motivational factor and firm performance

		Firm performance
Resource availability	Pearson Correlation	-.020
	Sig. (2-tailed)	.868
	N	70

Source: Field data, 2013.

The results depicted by Table 9 indicate that there is a negative (-0.20) relationship between these factors and firm performance. The relationship is also not significant (0.86) at significant level of 0.5. These resource availability factors includes, access to financial capital (e.g. loans, winning a lottery, inheritance, and family or community contribution), possession of human capital (e.g. educational and professional background, knowledge, acquired skills, career experience), and acquisition of social capital (e.g. business networking and family connections). Thus, the more an entrepreneur in the New Juaben Municipality becomes highly motivated by these factors, the lesser their firms perform.

However, extant research has found that higher level of importance attached to resource availability must lead to higher firm performance (Brodsky, 1993; Shim & Eastlick, 1998; Watson 2002). This could indicate that the SME owners in the New Juaben Municipality attach higher importance to personal capabilities than external factors.

Table 10: Correlation between entrepreneurial trait motivational factor and firm performance

		Firm performance
Entrepreneurial trait	Pearson Correlation	.001
	Sig. (2-tailed)	.991
	N	70

Source: Field data, 2013.

With regards to the relationship between entrepreneurial trait motivational factors (which includes need for achievement, internal locus of control, risk-taking propensity, self-efficacy, tolerance for ambiguity, goal

setting), and firm performance in the New Juaben municipality, the results presented in Table 10 show that they are positively related. Thus, the Pearson correlation showed a positive correlation of 0.001, indicating that the more entrepreneurs in the municipality become motivated through any of these entrepreneurial trait factors, the more they perform. However, the relationship is weak and not statistically significant (0.99) at a level of 0.05. Despite the fact that the test is not statistically significant, it confirms literature (Box et al., 1993; Baum & Locke, 2004; Failla, 2012). According to the researchers, there is a little or no positive relationship between entrepreneurial motivation and firm performance. The next table (Table 11) depicts the results of the relationship between pull factors and firm performance of the entrepreneurs in the municipality.

Table 11: Correlation between pull motivational factor and firm performance

		Firm performance
Pull factors	Pearson Correlation	.081
	Sig. (2-tailed)	.504
	N	70

Source: Field Data, 2013.

With regards to the relationship between pull motivational factors (which includes independence/own boss, material/monetary incentives challenged, lifestyle, saw opportunity), and firm performance in the New Juaben municipality, the results (as depicted by Table 11) reveal that they are positively related. Thus, the Pearson correlation showed a positive correlation of 0.081, indicating that the more entrepreneurs in the municipality become

motivated through any of these pull factors, the more they perform. The significance value of the result is 0.50 indicating a not statistically significant result at a test significant level of 0.05.

This research finding confirms literature that there is a positive relationship between pull external factors of entrepreneurial motivation and firm performance (Keeble et al., 1992; Orphan & Scott 2001). The implication is that the external factors such as opportunities must be available to aid performance of SMEs. The results of the last correlation test conducted between push factors and firm performance are presented in Table 12.

Table 12: Correlation between push motivational factor and firm performance

		Firm performance
Push factors	Pearson Correlation	.033
	Sig. (2-tailed)	.788
	N	68

Source: Field data, 2013.

The results presented in the table show that there is a positive relationship between push factors and firm performance of the entrepreneurs in the New Juaben Municipality. These push factors includes, flexibility in work schedule, former paid job dissatisfaction, changing world of work, helped by employer/family member, child rearing/family influence, Provide job/security for the family, escape of negative situation e.g. unemployment. Thus, the more an entrepreneur in the New Juaben municipality becomes motivated through any of these factors, the more their firms perform. The Pearson correlation showed a positive coefficient of 0.033 indicating a weak

correlation between push factors and firm performance. Again, the result produced is not statistically significant (0.78) tested at a significant value of 0.05.

In summary, among the four entrepreneurial motivational factors, pull factors have the highest coefficient (0.08), followed by push factors (0.03), resource availability (-0.02) and entrepreneurial traits (0.001). However, resource availability as a motivational factor is the only factor that has a negative relationship with firm performance. Thus, as the higher the importance attached to resource availability factors, the lower the performance of the entrepreneurs' firm. Again, all the correlation results produced show a weak relationship and statistically not significant at 0.05 significant level. The implication of the finding is that entrepreneurs may attach less importance to resource availability such as networking and participation in business or trade associations and thereby hindering exchange of ideas. The next section employs the regression analysis to examine the objective four of the current study.

The effect of entrepreneurial motivation on firm performance

The research objective four of this study was to examine the effect of entrepreneurial motivation on firm performance of SME owners in the New Juaben Municipality. The purpose is to identify which motivational factor (entrepreneurial traits, pull and push factors and resource availability) has a higher influence on firm performance. Specifically, hypotheses one to five were used to achieve this research objective.

A multiple regression analysis was employed to test hypotheses one to four to examine the existence and extent of the effect of the individual independent variables (entrepreneurial traits, pull factors, push factors and resource availability) on the dependent variable (firm performance). The results are depicted in Table 13.

Table 13: Regression analysis of individual entrepreneurial motivation factors and firm performance

R	R Square	Std. error of the estimate		
.091 ^a	.008	73.59917		
Coefficients ^a				
Firm performance	Beta	Std. Error	T	Sig
Resource availability	-0.025	4.309	-0.149	0.882
Entrepreneurial trait	0.011	3.704	-0.070	0.945
Pull factors	0.076	3.256	0.567	0.572
Push factors	0.040	2.373	0.281	0.779
Constant	152.843	84.635	1.806	0.076

Source: Field data, 2013.

Hypothesis one

The first hypothesis was formulated to examine the relationship between resource availability factors and firm performance of entrepreneurs in the New Juaben Municipality. The hypothesis was formulated as follows:

H₁: Resource availability positively influences firm performance.

The results depicted in Table 13 show that there is no significant influence of resource availability factors on firm performance at 0.05 level of significance. This is because the significance value or p-value (0.88) of the result exceeds all the conventional levels of significance measurement (0.01, 0.05, and 0.1). Therefore the result of the first hypothesis is not significant. Moreover, the coefficient is -0.025 indicating a negative effect in a sense that as the importance attached to resource availability increase, firm performance reduce. This result is in conformity with the assertion by Shane et al., (2003) that higher importance attached to external resources will lead to neglect of personal and cognitive capabilities and more focus on externalities and therefore low effort and performance. In conclusion, the hypothesis is not supported and not statistically significant.

Hypothesis two

The second hypothesis was formulated to test the relationship between entrepreneurial trait motivational factors and firm performance. The hypothesis was formulated as follows:

H₂: Entrepreneurial traits positively influence firm performance of entrepreneurs in the New Juaben Municipality.

The results indicate that the relationship between the entrepreneurial traits and firm performance is positive ($\beta=0.01$). Thus, increase in the level of entrepreneurial trait motivational factors leads to increase in firm performance of the entrepreneurs. However, the relationship is not significant (p-value=0.94). Therefore, the hypothesis as formulated above is supported but not statistically significant at a significant level of 0.05. However, the

relationship between the two variables is weak. This finding is consistent with the study by Hisrich and Brush (1987) and Gimeno et al. (1997) which suggest that attributes of entrepreneurs positively influences the entrepreneurs' performance which is translated to the performance of their firms.

Hypothesis three

The third hypothesis of the study was formulated to examine the relationship between pull motivational factors and firm performance. The hypothesis was formulated as follows:

H₃: Pull factors positively influence firm performance of entrepreneurs in the New Juaben Municipality.

The results indicate that there is a positive influence of pull factors on firm performance of the entrepreneurs. The hypothesis is therefore supported but the result is not statistically significant at a test value of 0.05. The result indicates a positive influence of pull factors on firm performance with a correlation coefficient of 0.76 and a sig value of 0.57 (2 tailed). However, the results indicate a weak positive influence.

Hypothesis four

Hypothesis four was formulated to examine the relationship between push motivational factors and firm performance and was tested at a significant level of 0.05. The hypothesis was formulated as:

H₄: Push factors positively influence firm performance.

The result shows a beta coefficient of 0.04 with a p-value of 0.77. This indicates that that the relationship is weak and not statistically significant

tested at a significant value of 0.05. However, the hypothesis as formulated above is supported but not significant. These results of positive but weak influence agree with the study by DeMartino and Barbato (2003). According to the study, domestic commitment and family related motivators such as provision of job security for the self and family positively influence performance but not strongly.

In conclusion, the results indicate that there are varied effects of the individual entrepreneurial motivation on firm performance of the entrepreneurs in the New Juaben Municipality. The regression model shows that in general, entrepreneurial motivation influences firm performance by 0.8 percent. This is depicted in the table by the R square of 0.008. Again, the model indicates that a unit increase in the pull motivational factors will on the average increase the performance by 0.076, holding all other factors constant. For push factors, a unit increase in any of the push factors will on the average increase firm performance by 0.04, all other factors held constant.

Any increase in any of the entrepreneurial trait factors on the average increases the performance of entrepreneurs in the New Juaben Municipality on the average by 0.011, all other factors held constant. However, an increase in any of the resource availability factors on the average reduces firm performance by 0.025 with all other factor held constant. However, all the influences were found to be weak and not significant tested at significant level of 0.05. Due to the varied nature of the individual variables influence on firm performance, the composite influence of entrepreneurial motivation and firm performance was tested and the results are presented in Table 14 and discussed in the next section.

Hypothesis five

Hypothesis five was formulated to test the composite influence of entrepreneurial motivation and firm performance. The hypothesis was formulated as follows:

H₅: Entrepreneurial motivation positively influences firm performance of the entrepreneurs in the New Juaben Municipality.

The result depicted in Table 14 presents the simple regression analysis of the two main variables, entrepreneurial motivation (independent variable) and firm performance (dependent variable). The result indicates that entrepreneurial motivation explains 5.3 percent of the variations in firm performance of entrepreneurs with 94.7 percent of the variations explained by other variables not captured by the study. The beta coefficient (0.09) was in the same direction as hypothesised and therefore the hypothesis stated as “*entrepreneurial motivation positively influences firm performance of entrepreneurs in the New Juaben Municipality*” was supported.

However, the influence is not strong since coefficient is close to zero (0). Again, tested at a significant level 0.05 (2-tailed), the result indicates a sig value of 0.75 making the result not statistically significant. The result confirms Chu et al.’s (2007) and Gimeno et al. (1997) studies which conclude that firm performance is positively influenced by motivations of entrepreneurs. Moreover, according to Gimeno et al. (1997), entrepreneurs with similar and homogeneous level of wealth could perform separately subject to different motivations.

Table 14: Regression analysis of entrepreneurial motivation and firm Performance

Factor of study	R	R-Square	Beta	t	sig
Entrepreneurial motivation	0.410	0.053	0.093	0.316	0.753

Dependent Variable: firm performance *p<.05

Source: Field data, 2013.

In summary, the positive influence of entrepreneurial motivation on firm performance hypothesized in the study is supported but not statistically significant. The influence is also weak. The results show that, in the New Juaben Municipality, motivation improves the performance of firms but such influence is not significant. Thus, there is no significant influence of motivation on the performance of firms in the municipality. On the relationship, there is a positive relationship between these two variables and that an increase in motivation increases performance as shown in Table 14 and this confirms findings by Markman et al. (2005) who found that higher motivation leads to higher annual earnings.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter summarizes the research, thus the objectives, research instrument used and the key findings as well as conclusions, and appropriate recommendations.

Summary

Motivation has been seen as a necessary tool to boost performance among SMEs. Therefore, this study sought to examine the effect of motivation on the firm performance among SMEs in the New Juaben Municipality. This was basically to test empirically the fact that motivation has positive effect on firm performance. In order to achieve the objective, five supporting hypotheses were formulated and tested.

Appropriate literature relative to the forms of motivation and firm performance were reviewed to put this study into the right perspective. Data was collected using a structured interview schedule from SME owners and then analysed and interpreted appropriately with the stated objectives in mind. A bivariate correlation, simple and multiple regressions were the main statistical tools used for the analysis and by the help of SPSS. The total 70 respondents were used for the analysis out of a sample of 205. The key

findings as they related to the specific objectives and hypotheses of the study have been summarised in the next section.

Summary of key findings

From the perspective of the objectives the findings of the study are summarized below:

1. Among the socio-demographic characteristics of the respondents, majority were found to be males, while majority were 41 years and below showing a very youthful labour force in the New Juaben Municipality.
2. On the issue of highest level of education, the study revealed that most of the entrepreneurs had at least SHS/Voc/Tech education. This therefore shows a high level of education among entrepreneurs in the New Juaben Municipality and only a few of the entrepreneurs had no education.
3. The study also found that majority of the entrepreneurs in the New Juaben Municipality had career experience before starting their own firm. Of those who had career experience before starting their own enterprise, most of them had their experience through working as non-management staff either, in a family business, private or government firms.
4. The study revealed that majority of the entrepreneurs in the New Juaben Municipality ranked the trait factors (the need for achievement, internal locus of control, risk taking propensity, self-efficacy, tolerance for ambiguity, and goal setting ambition) as the leading motivational

factors that encouraged them to establish their own business. These factors are then followed by the positive external pull factors of self-employment, opportunity savvy and monetary/material incentive. Negative external factors of unemployment, redundancy, job security etc. placed third. The motivational factor that least motivates SME owners in the New Juaben Municipality is resource availability source of motivation.

5. The study revealed that there is a statistically insignificant positive relationship between entrepreneurial motivation and firm performance. However, the results on the relationship between firm performance and individual entrepreneurial motivation factors showed varied correlation: a statistically insignificant negative correlation for resource availability and a statistically insignificant positive correlation for entrepreneurial traits pull and push factors.
6. On the objective of effect of entrepreneurial motivation and firm performance, the study revealed that the positive influence of entrepreneurial motivation on firm performance is statistically insignificant and weak.
7. However, there is a varied effect of the individual motivational factors on firm performance. While there is an insignificant negative effect of resource availability on firm performance, there is an insignificant positive effect of entrepreneurial traits, pull and push factors on firm performance.
8. Lastly, the entire test showed a weak correlation and a weak effect on firm performance.

Conclusions

From the findings of the study, the following conclusions are drawn:

1. The level of importance attached to entrepreneurial traits, pull factors, push factors and resource availability by the entrepreneurs exceed 2.5 indicating a higher level of motivation. The only motivation items which fall below 2.5 are lifestyle and changing world of work indicating that the entrepreneurs in the municipality attach less importance to them as motivators.
2. Availability of resources insignificantly influences the performance of a particular firm in the New Juaben Municipality negatively. So the higher the level of importance attached to resource availability by the entrepreneur, the less the performance of the firm. As a result the entrepreneurs attach lower importance to this indicator.
3. Firm performance varies over the various levels of importance attached to entrepreneurial trait motivational factor. However, this variation is not significant to determine performance. Therefore, one cannot say that the level of importance attached to this motivational factor significantly influences the performance of a particular firm in the New Juaben Municipality.
4. The level of importance attached to pull factor as motivational factor does not significantly influence the performance of a particular firm in the New Juaben Municipality. Thus, though the relationship is positive it is not significant.
5. Firm performance does not vary over the various levels of importance attached to push motivational factors in the municipality.

6. The study has documented that entrepreneurial motivation is important in improving the performance of SMEs in the New Juaben Municipality.

Recommendations

The findings of this study have implications for the SME owner-managers academia and policy makers with regard to how important entrepreneurial motivation is in the New Juaben Municipality and other municipalities in Ghana. From the conclusions drawn from the study, the following recommendations are made base on the findings of the study:

1. Need assessments must conducted by support institutions to ensure that entrepreneurs receive appropriate support. Entrepreneurs in the New Juaben Municipality must be educated through workshops about the importance of resource availability factors such as networking, participation in trade association, mentors, level of education and working experience since it can help them to surmount challenges of technology and globalization.
2. It must be noted that over reliance on access to some resources such as loans, inheritance and lottery may lead to poor firm performance in that personal capabilities may be neglected. Therefore support institutions must place less emphasis on resources as determinant of firm performance and focus more on traits building.
3. Developers of entrepreneurs must see the importance that entrepreneurs place on traits and positive environmental factors that induce the SME entrepreneurs into behaving entrepreneurially in the

New Juaben Municipality. Again, government must make SMEs look attractive by better equipping venture capitalist and SME support institutions to offer necessary hand-on support to SMEs so that owners can perceive setting up SMEs as a lifestyle and changing world of work but not out of frustration.

Suggestions for future research

First and foremost, a longitudinal study as an alternative to the cross-sectional sample used by this study would provide more conclusive evidence to the relationship between entrepreneurial and small firms performance. Again, a larger sample size makes room for variations of a population and therefore generalization of findings.

Also, for further study, a logical concentration on a single industry such as manufacturing or services might help to facilitate uniformly stronger support for the owners or managers of the small businesses within the industry, and to attain easy access to multiple, and knowledgeable raters within the few small businesses selected. Again, a comparison can be made between male and female. A replicated study in other region may assist researchers to examine cultural differences or similarities in terms of entrepreneurial motivation.

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APPENDICES

APPENDIX A: INTRODUCTORY LETTER

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT STUDIES

Telephone: (042) 32440/32444 Ext. 219/220 UNIVERSITY POST OFFICE

Direct: (042) 36435

CAPE COAST, GHANA

Telegrams: Unyiversity



Cape Coast

Telex: 2552, UCC

Dear Sir/Madam,

INTRODUCTORY LETTER

The bearer of this letter, Mr Andrews Tettey, is an MBA (Entrepreneurship and Small Enterprise Development) student of the School of Business. He is writing his dissertation on “Entrepreneurial Motivation and Firm Performance of SMEs in the New Juaben Municipality”.

We would be grateful if you could assist him with the answering or filling of the interview schedules and any other information that he may need to complete her work.

We appreciate your co-operation.

Yours faithfully,

Signed.....

Rosemond Boohene (Mrs.) PhD

HEAD

APPENDIX B: INTERVIEW SCHEDULE

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT STUDIES

**INTERVIEW SCHEDULE ON ENTREPRENEURIAL MOTIVATION
AND FIRM PERFORMANCE OF ENTREPRENEURS IN THE NEW
JUABEN MUNICIPALITY**

Dear Respondent,

I am an MBA student pursuing Entrepreneurship and Small Enterprise Development at University of Cape Coast. This interview schedule is administered purely for academic purpose.

The objective of this interview schedule is to collect data that would assist the researcher to examine the relationship between entrepreneurial motivation and firm performance of entrepreneurs in the New Juaben Municipality in the Eastern Region of Ghana.

Information given will solely be used for this research. You are also assured of full confidentiality, privacy and anonymity of all the information that will be given by you. You should therefore feel free to give the right information to ensure the success of this research.

Thank you.

SECTION A

Firm Characteristics

Please tick (✓) the appropriate answer and/or fill in the dotted space if applicable.

1. What type of industry does your firm fall into?

[1] Service [2] Manufacturing [3] Retail [4] Other
 (specify).....

2. How many years has your firm been in operation?

3. Number of employees (firm size):

[1] Full-time..... [2] Part-time.....

4. What is the form of your business ownership?

[1] Sole Proprietorship [2] Partnership [3] Company [4] Other
 (specify).....

5. Please tick the appropriate average weekly revenue/sales (GHS) of your firm:

[1] Less than 500 [2] 500-1000 [3] 1001-1500 [4] 1501-2000
 [5] above 2000

SECTION B

Entrepreneurial Motivation

Please tick (√) the appropriate number to indicate the level of importance attached to the following motivational items (On a scale of 1-5 with 1=unimportant to 5=extremely important):

Part I: Resource Availability

The statements below are used to find out how availability of resources influenced you to behave entrepreneurially.

	Unimportant	Not Very Important	Mildly Important	Very Important	Extremely Important
6. Access to financial	1	2	3	4	5

capital e.g. Loans, won a lottery, inheritance, and family or community contribution.					
7. Possession of human capital e.g. educational professional background, knowledge, acquired skills, career experience.	1	2	3	4	5
8. Acquisition of social capital e.g. business networking and family connections.	1	2	3	4	5

Part II: Entrepreneurial Traits

The statements below are used to find out how your innate entrepreneurial traits influenced you to behave entrepreneurially.

	Unimportant	Not Very Important	Mildly Important	Very Important	Extremely Important
9. Need for achievement	1	2	3	4	5
10. Internal locus of control	1	2	3	4	5
11. Risk-taking propensity	1	2	3	4	5
12. Self-efficacy	1	2	3	4	5
13. Tolerance for ambiguity	1	2	3	4	5
14. Goal setting	1	2	3	4	5

Part III: Pull Factors

The statements below are used to find out how entrepreneurs are encouraged or pulled into behaving entrepreneurially.

	Unimportant	Not Very Important	Mildly Important	Very Important	Extremely Important
15. Independence/ own boss	1	2	3	4	5
16. Material/Mone tary incentives	1	2	3	4	5
17. Challenged	1	2	3	4	5
18. Lifestyle	1	2	3	4	5
19. Saw opportunity	1	2	3	4	5

Part IV: Push Factors

The statements below are used to find out how negative conditions in paid job influenced you to behave entrepreneurially.

	Unimportant	Not Very Important	Mildly Important	Very Important	Extremely Important
20 Flexibility in work schedule	1	2	3	4	5
21 Former paid job dissatisfacti	1	2	3	4	5

on					
22 Changing world of work	1	2	3	4	5
23 Helped by employer/family member	1	2	3	4	5
24 Child rearing/family influence	1	2	3	4	5
25 Provide job/security for the family	1	2	3	4	5
26 Escape of negative situation e.g. unemployment	1	2	3	4	5

27: What other factors apart from the above listed motivated you to start your own business?

.....

.....

28: How important are the factors stated in 27 in achieving your general business objectives?

.....

SECTION C

Firm Performance

I. Please indicate the importance attached to the following general business objectives of an entrepreneur.

	Unimportant	Not Very Important	Mildly Important	Very Important	Extremely Important
29. Creating job	1	2	3	4	5
30. Innovation	1	2	3	4	5
31. Sales revenue	1	2	3	4	5
32. Profit maximization	1	2	3	4	5

II. Please indicate how satisfied you are with the achievement of the following business objectives.

	Highly Dissatisfied	Dissatisfied	Satisfied	Highly Satisfied
33. Creating jobs	1	2	3	4
34. Innovation	1	2	3	4
35. Sales revenue	1	2	3	4
36. Profit maximization	1	2	3	4

37. What other objectives do you have as an entrepreneur?

.....
.....
.....
.....
.....

38. How do you rank the overall performance of your business?

.....
.....
.....

SECTION D

Entrepreneurial Characteristics

Kindly tick (✓) the appropriate number and fill in the dotted lines to provide answers for the following entrepreneur's characteristics

39. Gender:

[1] Male

[2] Female

40. Age:

[1] 18-25 [2] 26-33 [3] 34-41 [4] 42-50 [5]

Above 50

41. Marital Status:

[1] Single [2] Married [3] Divorced [4] Widowed

44. If married, occupation of spouse:

[1] Operating own business [2] Employee in management position
[3] Employee in non-management position [4] Employee in family
business [5] Not working

45. Occupation of father:

[1] Operating own business [2] Employee in management position
[3] Employee in non-management position [4] Employee in family
business [5] Not working

46. Occupation of mother:

[1] Operating own business [2] Employee in management position
[3] Employee in non-management position [4] Employee in family
business [5] Not working

47. Number of siblings:.....

48. Birth position:.....

49. Number of dependants:.....

50. Highest level of education:

[1] No education [2] Basic/JHS [2] SHS/Voc/Tech [3] Tertiary [4]
Other (Specify).....

51. Did you have career experience before starting this business?

[1] Yes [2] No

52. If you answered 'Yes', what was your career experience?

[1] Operating another firm [2] Employee in management position

[3] Employee in non-management position [4] Employee in family

business [5] Other (specify).....