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The Role of Achievement Striving, Social Networking and Optimism in Determining the Entrepreneurial Motivation

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Abstract:

The main purpose of this study is to investigate the key success factors in determining the entrepreneurial motivation among entrepreneurs Sabah, Malaysia. In present years, the importance of entrepreneurship in Sabah has increased. In 2005, about 24,796 Small and Medium Enterprises (SMEs) registered under one-stop SMEs resources. These SMEs are mostly from manufacturing sector, services sector and agriculture sector. The study on entrepreneurial motivation in Sabah is very important since it can help in determining factors that can promote more entrepreneurial activities in Sabah. This study focuses more on behavioral factors such as achievement striving, social networking and optimism in determining the entrepreneurial motivation among entrepreneurs in Sabah. The respondents for this study were entrepreneurs that operate businesses for the period of three years and located around Kota Kinabalu, Sabah. The total number of questionnaires distributed was 133 and the usable questionnaires were 104 questionnaires. Based on the results and findings of this study, it was found that achievement striving and optimism have contributed significantly towards entrepreneurial motivation. This study through its research and findings has contributed significantly to both theoretical and practical implications while social networking has no significant relationship with entrepreneurial motivation. This study can help to provide the information related to entrepreneurial motivations among entrepreneurs in Sabah and can benefit the government in an effort to encourage and support the success of entrepreneurs in their entrepreneurial ventures.

Keywords: *Achievement striving, social networking, optimism, entrepreneurial motivation*

1. Introduction

Entrepreneurship has played a significant role in our nation's economic development. It has also become a major source of economic growth for our country. This is evidenced through various supporting means and policies that exist to support the entrepreneurial activities in the country including funding schemes, entrepreneurial programs, business incubators and advisory services (Othman, Sulaiman, Zainudin and Hassan, 2008).

As published by Companies Commission of Malaysia (2010), the statistics show that the number of registered businesses in Malaysia increased from 3,778,129 businesses in 2008, to 4,090,710 businesses in 2009. Additionally, for the first two quarters of 2010, the registered businesses have increased to 4,230,489 businesses. This shows that Malaysia has started to adapt the entrepreneurial culture into their lives and activities.

However, GEM Global Report 2010 reported that Malaysia included in an average of just 23% of people in efficiency-driven economies who expressed their intention to start businesses over the next three years. It is still considered as low compared to countries with factor-driven economies such as the Sub-Saharan African countries (Angola, Ghana, Uganda), which has an average of 43%. Furthermore, Malaysia's Total Early-Stage Entrepreneurship Activity (TEA) rate is 5%, which is relatively lower than other countries.

This study mainly focuses on entrepreneurial motivation in Sabah, one of the states in Malaysia. In present years, the importance of entrepreneurship in Sabah has increased. This can be seen through the registered number of entrepreneurs. In 2005, about 24,796 Small and Medium Enterprises (SMEs) registered under one-stop SMEs resources. These SMEs are developed from three major sectors including manufacturing sector, services sector and agriculture sector. The 24,794 companies are divided by categories in Table 1.

No.	Sector Categories	No. of Companies	Percentage (%)
1	Manufacturing Sector	1,540	6.21
2	Services Sector	21,764	87.78
3	Agriculture Sector	1,490	6.01
	TOTAL	24,794	100

Table 1: Profile of SMEs in Sabah

Sources: <http://www.smeinfo.com.my>, one stop SME resources, 2005

While in 2010, the numbers have increased approximately to 25,000 companies (SMECORP, 2011). Consequently, the numbers have shown that most people in Sabah have realized the importance of entrepreneurship as an engine to economic growth and have started to open their own businesses. Therefore, understanding the factors that influence the motivation to start a business is essential for future economic growth of Sabah. Thus, this paper seeks to investigate the factors that influence entrepreneurial motivation of entrepreneurs in Sabah.

Entrepreneurship continues to contribute significantly towards the economic growth in Malaysia. The government has put in place many initiatives to assist entrepreneurs in Malaysia to be more competitive in the challenging business environment regionally and globally. Due to the significant development of entrepreneurship in Malaysia especially in Sabah, this research aims to identify the influencing factors that drive the entrepreneurial motivations among entrepreneurs in Sabah.

The research questions for this study are as follows:

- Does achievement striving, influence the entrepreneurial motivation?
- Does social networking influence the entrepreneurial motivation?
- Does optimism influence the entrepreneurial motivation?

The research objectives are:

- To investigate whether achievement striving influences the entrepreneurial motivation.
- To study whether social networking influences the entrepreneurial motivation.
- To examine whether optimism influences the entrepreneurial motivation.

2. Literature Review

Entrepreneurship often associated with "the gale of creative destruction" as described by Schumpeter (1950), which transforms the whole or part of inferior innovations in the markets and industries, at the same time producing new products and new business models. The most common definition of entrepreneurship includes forming a new venture, combining resources and pursuing opportunity in order to create more value (Morris, Kuratko and Covin, 2008).

Hisrich and Peters (2002) defined entrepreneurship as "a process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence". This definition somehow define entrepreneur as someone who often involves in generating new value for public use, in which, the entrepreneurial activity requires devotion of time and effort during the process of making a new idea operational before it can be brought to the market. At the same time, entrepreneur is expected to assume certain risks such as financial, psychological or social environmental risks before he or she is able to receive rewards in terms of monetary, personal satisfaction and independence.

Previous research in entrepreneurship highlights personality traits as the key determinants that affect an individual motivation to start a business. Thus this study focuses on three types of personality traits that were assumed to influence the entrepreneurial motivation. The three personality traits are achievement striving, social networking and optimism.

2.1. Achievement Striving

According to McClelland's (1961), achievement striving is often associated with the need for achievement as described by Maslow (1970). Maslow (1970), on the other hand, relates the term to Murray's 'press-needs' (1938) as described in the theory of psychogenic needs. Murray (1938) describes this need as a pressure to a person to act in ways that satisfy those needs. The term was later called as achievement striving after a construct was developed by Taormina and Lao (2007) in order to assess the achievement construct.

2.2. Social Networking

Taormina and Lao (2007) defines social networking as "the tendency to connect and interact with other people". Maslow (1970) relates this term with psychological or personality variable since the desire for social interaction or belongingness is also part of psychological need. In Chinese society, social networking is referred to "Guanxi" which involves creating personal relationships and is used to overcome hardships and to achieve both personal and business gains (Lee and Chan, 1998; Taormina and Lao, 2007).

2.3. Optimism

Taormina and Lao (2007) defined optimism as "the tendency to have a favorable outlook on life". Optimists are the people who tend to have positive future expectations. Optimists often works with those who have the same positive mind and support their views (Hiller and Hambrick, 2005). Cooper *et al.* (1988) reported that individuals who have already made the commitment to become entrepreneurs showed a remarkable level of optimism. Hmieleski and Baron (2009) stated that individuals with very low in optimism tend to have less motivation in view to the notion that no matter how hard they try; failure is likely to result.

2.4. Entrepreneurial Motivation

Motivation is “a process governing choices among alternatives forms of voluntary activity” (Ivancevich, Konopaske and Matteson, 2011). Naffziger *et al.* (1994) describes the motivational process that drives entrepreneurial behavior is influenced by the interaction of several factors which is the result of the relationship between personal characteristics, the individual’s personal goal set, personal environment, the current environment and the mature of the innovation idea.

3. Methodology

This study is a quantitative type of research that is mainly to analyze the relationships between achievement striving, social networking and optimism; and entrepreneurial motivation. This study focuses on the factors that influence entrepreneurial motivation among entrepreneurs in Sabah. The respondents for this study were entrepreneurs listed under SMECorp, Sabah. Questionnaires were used to collect data for this study. The questionnaires were distributed to 133 entrepreneurs. Out of 113 questionnaires, only 104 questionnaires were usable.

4. Results

Data collected from the completed questionnaire were coded and analyzed using the aid of statistical analysis tool, Statistical Package for the Social Science Software (SPSS) version 17.0. Data reduction method through Factor Analysis was used in order to reduce a large number of variables into a smaller set of major factors. Then inferential statistics were used in hypotheses testing for all variables.

4.1 Factor Analysis

According to Coakes, Steed and Ong (2009), the Kaiser-Meyer-Olkin (KMO) measure must be greater than 0.6 to assume factorability. Initial Eigenvalues should be greater than 1, to determine the amount of factors extracted. The factor matrix table, which shows the matrix loadings or correlations between variables and factor, should have loading of 0.3 and from the inspection of the anti-image correlation matrix, and all measures of sampling adequacy must be well above the acceptable level of 0.5. For rotation technique selection, Varimax rotation technique was employed as recommended by Pallant (2005). The Rotated Factor Matrix table shows the factor loading values which are more than 0.30 for the acceptable factoring. The rotation reduces the number of complex variables and improves interpretation.

KMO Measure of Sampling Adequacy		0.710
Bartlett’s Test of Sphericity	Approx. Chi-Square	317.831
	df	66
	Sig.	0.000

Table 2: KMO and Bartlett’s Test for Personality Traits

The Bartlett’s Test of Sphericity is significant (Chi-Square=317.831, $p<0.01$), while KMO measure of sampling which was 0.710 indicating sufficient inter-correlations. The initial Eigenvalues on 3 extracted factors are 3.079, 2.227 and 1.338 respectively which are above the value of 1 and 55.368 percent of variance are explained (Table 4).

KMO Measure of Sampling Adequacy		0.795
Bartlett’s Test of Sphericity	Approx. Chi-Square	138.983
	df	15
	Sig.	0.000

Table 3: KMO and Bartlett’s Test for Entrepreneurial Motivation

The Bartlett’s Test of Sphericity is significant (Chi-Square=138.983, $p<0.01$), while KMO measure of sampling which was 0.795 indicating sufficient inter-correlations. The initial Eigenvalues is 2.763 which are above the value of 1 and 46.054 percent of variance are explained (Table 5).

No.	Items	Factor Loadings		
		F1	F2	F3
1	Social Networking 4	0.865		
2	Social Networking 2	0.838		
3	Social Networking 5	0.835		
4	Social Networking 1	0.686		
5	Social Networking 3	0.517		
6	Achievement Striving 10		0.802	
7	Achievement Striving 9		0.716	
8	Achievement Striving 4		0.663	
9	Achievement Striving 7		0.526	
10	Optimism 8			0.720
11	Optimism 2			0.717
12	Optimism 1			0.707
Eigenvalue		3.079	2.227	1.338
Total % of Variance Explained		25.662	18.557	11.149

Table 4: Model summary of Factor Analysis for Personality Traits

No.	Items	Factor Loadings
		F1
1	Entrepreneurial Motivation 2	0.837
2	Entrepreneurial Motivation 1	0.730
3	Entrepreneurial Motivation 6	0.705
4	Entrepreneurial Motivation 4	0.674
5	Entrepreneurial Motivation 3	0.554
6	Entrepreneurial Motivation 5	0.522
Eigenvalue		2.763
Total % of Variance Explained		46.054

Table 5: Model summary of Factor Analysis for Entrepreneurial Motivation

Table 4 shows 5 items of factor analysis for social networking, the remaining 4 items of factor analysis for achievement striving, and the remaining 3 items of factor analysis for optimism as the independent variables under personality traits. Factor 1 for variable social networking comprises of 5 items with factor loading ranging from 0.517 to 0.865. Factor 2 for variable achievement striving comprises of 4 items with factor loading ranging from 0.526 to 0.802. Factor 3 for variable optimism comprises of 3 items with factor loading ranging from 0.707 to 0.720. Items that have been removed from the factor analysis are items number 1, 2, 3, 5, 6, and 8 for achievement striving, and items number 3, 4, 5, 6, 7, 9 and 10 for optimism. These items were dropped out because of its communality values, dual or triple loading, hence to improve interpretation.

Table 5 shows the remaining 6 items of factor analysis for entrepreneurial motivation as the dependent variable. Factor 1 for variable entrepreneurial motivation comprises of 6 items with factor loading ranging from 0.522 to 0.837. Items that have been removed from the factor analysis are items number 7, 8, 9 and 10. These items were dropped out because of its communality values, dual or triple loading, hence to improve interpretation.

4.2 Reliability of Major Variables

Reliability test is a complimentary procedure after Factor Analysis, to determine the Cronbach's Alpha coefficient of internal consistency and to ensure factors for the items with adequate loadings produce a reliable scale for other tests analysis.

Variables	Number of items	Cronbach's Alpha
Achievement Striving	4	0.640
Social Networking	5	0.806
Optimism	3	0.549
Entrepreneurial Motivation	6	0.746

Table 6: Reliability Test

Table 6 above shows the Cronbach's Alpha for measurement of reliability coefficients for the main variables in this research. According to Nunnally (1978), each variable is very well within the acceptable range of 0.6 to 0.9 which indicates that the reliability of each variable is strong. The Cronbach's Alpha values for all variables except for optimism are reliable, which are within range of 0.640 to 0.806. However, by referring to Nunnally (1967), Caplan, Naidu and Tripathi (1984) cited that if a Cronbach's Alpha is 0.5 or higher, it is judged as adequate for research purpose. Therefore, optimism with 0.549 Cronbach's Alpha value still can be accepted. Consequently, all variables are qualified for further analysis.

4.3 Multiple Regression Analysis

The dependent of one variable to another variable(s) can be examined by Multiple Regression test. Enter method was used in this multiple regression test. All independent variables are entered in the regression equation at once to examine the relationship between the whole set of predictors and the dependent variables.

Model	R	R Square	Adjusted R Square	F	Sig.
1	0.674	0.454	0.432	20.582	0.000

Table 7: Model Summary for independent variables as predictor to Entrepreneurial Motivation

Based on Table 7, the relationship between the independent variables and entrepreneurial motivation is a significant relationship. The independent variables can be explained by 43.2 percent (Adjusted $R^2=0.432$) variances of dependent variable (entrepreneurial motivation).

Independent Variables	Standardized Coefficients	T	Sig.
	Beta		
(Constant)		1.085	0.281
Achievement Striving	0.199	2.481	0.015
Social Networking	0.091	1.197	0.234
Optimism	0.262	3.203	0.002

Table 8: Coefficients for independent variables as predictor to Entrepreneurial Motivation

Table 8 shows the coefficients between achievement striving, social networking and optimism.

4.4 Hypotheses Testing

- Hypothesis 1: There is a relationship between achievement striving and entrepreneurial motivation.

Based on Table 8, the relationship is significant since $p=0.015$, $\beta=0.199$ at 0.05 significant level. The beta value indicates that when an entrepreneur has one standard unit of achievement striving, the entrepreneurial motivation is increased by 0.199 standard units. It is clear that there is a relationship between achievement striving and entrepreneurial motivation. This means that the more an entrepreneur possesses achievement striving trait, he or she will be more motivated to start a business. Thus, this hypothesis is supported and accepted and achievement striving is able to influence the entrepreneurial motivation among entrepreneurs in Sabah.

- Hypothesis 2: There is a relationship between optimism and entrepreneurial motivation.

Based on Table 8, the relationship is not significant because $p>0.05$ which is $p=0.234$, $\beta=0.091$ at 0.05 significant level. The beta value indicates that when an entrepreneur has one standard unit of social networking, the entrepreneurial motivation is increased only by 0.091 standard units. Thus, this hypothesis is not supported and rejected.

- Hypothesis 3: There is a relationship between optimism and entrepreneurial motivation.

Based on Table 8, the relationship is significant since $p=0.002$, $\beta=0.262$ at 0.05 significant level. The beta value indicates that when an entrepreneur has one standard unit of optimism, the entrepreneurial motivation is increased by 0.262 standard units. It is clear that there is a relationship between optimism and entrepreneurial motivation. This means that the more an entrepreneur possesses optimism trait, he or she will be more motivated to start a business. Thus, this hypothesis is supported and accepted and optimism is able to influence the entrepreneurial motivation among entrepreneurs in Sabah.

5. Discussions

5.1. The relationship between achievement striving and entrepreneurial motivation

Hypothesis 1 shows that the significant value of achievement striving is 0.05, which is less than 0.05 (Table 2). This proves that there is a significant relationship between achievement striving and entrepreneurial motivation. This not only supported H1 but also upheld the theoretical view (e.g. McClelland, 1985) that the stronger an individual's need to achieve the more likely he or she will be to start a business.

5.2. The relationship between social networking and entrepreneurial motivation

Hypothesis 2 is about the relationship between social networking and entrepreneurial motivation. The result shows that there is no significant relationship between social networking and entrepreneurial motivation ($p=0.234$, >0.05). This contradicts with previous studies (Taormina and Lao, 2007; Lee and Chan, 1998). For example, Taormina and Lao (2007) concluded that social networking or the building of social relationships is the underlying functional activity of Guanxi, which is considered to be important to succeed in business. Furthermore, in other words, it is difficult to succeed without the help of other people. Thus, social networking is not a critical factor in determining the entrepreneurial motivation of entrepreneurs in Sabah.

5.3. The relationship between optimism and entrepreneurial motivation

Hypothesis 2 shows that the significant value of optimism is 0.002, which is less than 0.05 (Table 2). This proves that there is a significant relationship between optimism and entrepreneurial motivation. This not only supported H2 but also upheld the theoretical view (e.g. Cooper *et al.*, 1986) that optimism is one of the psychological variables of entrepreneurial people. Since the business environment is full of uncertainties, therefore an optimistic perspective on life could neutralize and counterbalance the uncertainties of starting new ventures.

Findings from Hypothesis 1 (achievement striving) and Hypothesis 3 (optimism) can help the government to provide right courses and workshops (e.g. personality development course) to any individuals that are interested to get involved in the entrepreneurial activities. It is also can help the government to easily monitor the involvement of these individuals in the entrepreneurial activities. As a consequence, those entrepreneurs will get the right assistances and guidance in achieving their entrepreneurial pursuit, which eventually leads to future economic growth.

This study was designed to investigate the relationship between personality traits and entrepreneurial motivation. This study proposed a simple conceptual model linking the achievement striving, optimism to entrepreneurial motivation. The results of this study reveal that achievement striving and optimism have a significant influence on the entrepreneurial motivation of entrepreneurs in Sabah.

Finally, the findings of this study can contribute to better understanding of entrepreneurial motivation among entrepreneurs in Malaysia and particularly in Sabah.

6. Conclusion

The study may assist government to understand the reasons behind the motivation to start a business for entrepreneurs in Malaysia as well as in Sabah. By understanding the pattern, the government can develop and provide the appropriate initiatives and assistances, which are really applicable to the entrepreneurs in term of tax reductions, government laws and policies, loans and other supports. Lastly, it may help the government to produce more entrepreneurs in the future. The study can also provide insights on the different approaches used in determining the influences on entrepreneurs' motivation to start a business. The study also can help entrepreneurs in Malaysia particularly in Sabah to understand the reasons behind their involvement in entrepreneurship. Through participation in this research, it will increase their awareness about the importance of entrepreneurs and their contribution towards economic growth. The study also can encourage the entrepreneurs to perform better in their businesses by highlighting the difference of factors that motivate each entrepreneur.

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