

# Motivation of entrepreneurs in South Africa

M.Selim KAYMAK

29751111

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## **Abstract**

This study examined a sample of entrepreneurs operating in South Africa. Motivation of entrepreneurs in shopping malls in Gauteng province was investigated. A survey of 50 entrepreneurs in South Africa was conducted face-to-face interviews. Principle component analysis (PCA) identified the most important motivation factors among entrepreneurs in South Africa. Results indicated that *family security* and *extrinsic rewards* are the most important motivation factors. “To be closer to my family”, “to maintain my personal freedom” were the highly rated motivation items which were used in the questionnaire. These results were compared with the results of previous studies which examined Nigerian, Ghanaian and Kenyan entrepreneurs as well as entrepreneurs in Turkey, Venezuela, Vietnam, Kyrgyzstan, and India. This findings of the current study suggested that motivation factors of entrepreneurs in South Africa are different than other African countries which were used in this study as comparison countries.

## **Keywords**

Entrepreneurial motivation, motivation, entrepreneur, South Africa

## Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name of the student: MEHMET SELIM KAYMAK

Signature of the student:

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Date: November, 10, 2010

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# **1 CHAPTER ONE: INTRODUCTION TO THE STUDY**

## **1.1 INTRODUCTION**

In the past two decades, entrepreneurship research has experienced rapid interest in assessing behaviour of entrepreneurs and identifying means of motivating them. This study is interested in assessing the importance of motivators of entrepreneurs.

In this chapter, the research problem is discussed followed by research objectives. Importance and benefits of the study are mentioned after the set objectives, and then the context of the study is outlined. Finally, the structure of the study is presented.

## **1.2 RESEARCH PROBLEM**

Success is argued to be an outcome of motivation (Zimmerman & Chu 2010). Motivation, as a result, has been receiving an increasing interest among scholars (Rai, 2008). This growing interest has resulted in empirical studies that have been conducted in developed countries. However, similar research in developing countries is limited (Chu, Benzing & McGee, 2006; Gray & Howard 2006). While South Africa is considered the economic hub of the continent, no research has been conducted to investigate entrepreneurial motivation although there has been research carried out in other African countries (Chu et al. 2006; Gray et al. 2006).



Previous literature has considered a variety of motivational factors relevant to entrepreneurs. Empirical studies propose four motivational factors, namely: extrinsic rewards, independence/autonomy, intrinsic rewards, and family security (Benzing, Chu & Kara, 2009). The purpose of this study is to assess the importance of these motivational factors among entrepreneurs in South Africa.

### **1.3 RESEARCH OBJECTIVES**

This study aims to achieve the following objectives

- To determine what motivates entrepreneurs in South Africa.
- To examine whether these motivations differ in terms of importance among entrepreneurs in South Africa.
- To define demographic characteristics that influence entrepreneurial motivations.
- To enable a cross-country comparison between what predominantly motivates entrepreneurs in South Africa and in other countries.

This study provides a corresponding hypothesis that has been tested in order to meet the above objectives.

## 1.4 IMPORTANCE AND BENEFITS

Scholars have found a strong positive correlation between entrepreneurship and economic growth (Chue, et al., 2007; Benzing et al., 2009; Benzing and Chu, 2005; Benzing, Chu, and Callanan, 2005; Benzing, Chu, and Szabo, 2005). Entrepreneurs are individuals who have unique characteristics that influence their behaviour. The aim of the individual is to control such behaviour. Individuals' behaviours are shaped by several components; one essential component is motivation. Wickham (2006) argues that motivation fulfils the quest to control entrepreneurial behaviour. Entrepreneurial motivation is considered to be a key determinant in sustaining a new business venture (Kuratko, Hornsby & Naffziger, 1997).

This study aims to provide a comprehensive understanding of entrepreneurial behaviour as there has been limited research on this topic in Africa. Since the majority of research has been conducted within developed economies (Swierczek & Ha. 2003), it is necessary to carry out this research in developing economies. This is due to the differences which arise between entrepreneurs operating in developed countries compared to entrepreneurs operating in developing economies (Chu, Benzing & McGee, 2007).

Entrepreneurship has had a massive effect on the growth of employment and GDP in South Africa's economy. It has also had a positive influence on the increase of local investment through savings. The combination of increased labour requirements and investment in the country has resulted in a reduction in unemployment. Africa has the highest poverty rate in the world. In South Africa the level of unemployment is over 25%

(Statistics South Africa, 2009), while the percentage of people living in poverty is significantly more than half of the population. New job opportunities require skilled labour positions which has resulted in increased household incomes. Therefore, increasing the number of entrepreneurs and refining their motivation can promote economic development and thus facilitate the reduction of poverty.

Moreover, identifying important motivating factors among entrepreneurs in South Africa could assist policy makers in the development of enhanced programs. Such programs would aim to encourage the establishment, growth and support of new businesses.

## **1.5 CONTEXT OF THE STUDY**

The focus of this study is on small-medium sized enterprises, similar to the studies compiled by Benzing, Chu & Kara (2009); Swierczek & Ha (2003); Zimmerman & Chu (2010). This study will not focus its investigation on micro-small enterprises in South Africa as was the case with Chu et al. (2007) who conducted research on Ghanaian and Kenyan entrepreneurs.

This study has investigated SMEs in Gauteng; the business hub of South Africa. The study is focused on retail entrepreneurs in this province as this particular sector has ensured easy access to business owners.

Unfortunately, this study is not in the position to assess government programs to encourage the creation of small businesses as was the case with Benzing, Chu & Kara (2009) which studied Turkish entrepreneurs. Furthermore, this study is not in the

position to identify the means to promote local investment through encouraging saving or addressing the lack of employment as was the case with Chu et al. (2007).

## 1.6 STRUCTURE OF THE STUDY

This study contains the following chapters:

**Chapter 1:** This chapter presents the problem statements of the study, sets the objectives and discusses the importance and the benefits of the study.

**Chapter 2:** This chapter contains the literature review which includes an examination of previous studies' findings.

**Chapter 3:** The study hypothesis is presented in this chapter.

**Chapter 4:** The research methods used in the study is discussed in this chapter.

**Chapter 5:** This chapter provides an analysis and discussion of the data.

**Chapter 6:** This chapter addresses the main findings of the study.

## **2 CHAPTER TWO: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

This chapter contains two main parts. The first section defines the motivation of entrepreneurs while the second section addresses the measurement of entrepreneurs' motivation. This was in order to offer an operational definition of entrepreneurial motivation that was reflected in the measurement instrument of entrepreneurs' motivation.

### **2.2 DEFINING THE MOTIVATION OF ENTREPRENEURS**

Within this section, there are four sub-sections. The first sub-section defines entrepreneurship. This is followed by a discussion on the importance of entrepreneurship in South Africa. The third sub-section provides a definition of motivation and finally, the fourth sub-section is entitled 'The motivation of entrepreneurs and its importance'.

#### **2.2.1 Defining entrepreneurship**

*Entrepreneurship can be referred to as an action, process or activity (Audretsch & Keilbach, 2004).*

The definition of entrepreneurship is not clear-cut (Klapper, Amit & Guillen, 2008). From a theoretical perspective, Bygrave (1993) defines entrepreneurship as the creation of a

new organisation to pursue an opportunity. From an operational perspective, Kuratko (2009;530-531) defines entrepreneurship as:

*“A dynamic process of vision, change, and creation. It requires an application of energy and passion toward the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risk in terms of time, equity, or career; the ability to formulate and effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognise the opportunity where others see chaos, contradiction, and confusion.”*

Kuratko’s definition places emphasis on viewing entrepreneurship as a process and confirms the importance of the entrepreneur’s commitment. Providing a definition of entrepreneurship is a difficult task. Its compounded nature has both economic and social dimensions (Thoumrunroje & Tansuhaj, 2005).

There are four pillars in the entrepreneurial process, namely: the entrepreneur; a market opportunity; a business organisation; and resources to be invested. Thus, the entrepreneurial process occurs as a result of the actions taken by the entrepreneur (Wickham, 2006).

Unlike entrepreneurship, where the emphasis is placed on the operational side, an entrepreneur is distinguished from other individuals through a human dimension and not through strategic or analytical insight (Wickham, 2006). Gartner, Shaver, Gatewood and Katz (1994) divided their research on entrepreneurs into two main fields. One focused on the traits and characteristics of entrepreneurs, and the other focused on the behaviour of entrepreneurs.

For the purpose of this study, the focus was on the behavioural aspect and not on the personality dimension. Consequently, a paradox emerged when looking at how an entrepreneur would manage his/her new venture. Wickham (2006) points out that entrepreneurial management focuses on change instead of continuity; and on new opportunities instead of conserving resources.

## **2.2.2 Importance of entrepreneurship in South Africa**

It has been widely agreed that there is a positive correlation between economic growth and entrepreneurship (Acs & Audretsch 2003; Audretsch & Keilbach 2005; Carree, van Stel & Wennekers, 2002). Empirical research indicated that there is a significant impact on economic growth due to entrepreneurship (Benzing et al., 2009). The positive impact of entrepreneurship on the economy is evident in the reduction of unemployment through the creation of new firms (Audretsch & Keilbach, 2004).

Small-medium sized enterprises (SMEs), in an economy have played a major role in developed economies in terms of job creation and economic growth (Audretsch & Keilbach, 2005). The importance of SMEs was evident in strengthening the economy of the United Kingdom and other countries in Europe, as well as in emerging countries in the Far East (Benzing et al., 2009). Since May, 2007, Organization for Economic Co-operation and Development (OECD) countries had agreed to offer an enhanced agreement to South Africa that aimed to boost employment through SMEs (OECD, 2010). There was a strong correlation between the percentage of entrepreneurs within an economy and the performance of that economy. This was apparent when viewing

the economic growth of OECD state members. The number of SMEs were between 96% and 99% of the total number of enterprises in most OECD state economies. (OECD, 2005).

Even though South Africa had a similar gross domestic product (GDP) growth rate per year (3.7%) in 2007 to most of the OECD countries, unemployment in the country, which was 23.6%, was comparatively higher than other countries. Perhaps more important than macroeconomic indicators, are the entrepreneurial activity measurements, which are able to provide additional knowledge about a given country. For example, the ratio of men and women entrepreneurs in South Africa is equivalent to the gender ratio in developing economies. This indicates that there is a social similarity, in terms of entrepreneurship, that exists between South Africa and developing economies (International Entrepreneurship, 2010).

The Total Entrepreneurship Activity (TEA) index offered by the Global Entrepreneurship Monitor (GEM) provided an opportunity for countries to draw comparisons in terms of their entrepreneurship activities (GEM, 2010). In this index, South Africa was ranked as being below average in entrepreneurship activity in the low-income section along with countries such as Croatia, Poland, and Hungary (Ncube, 2006).

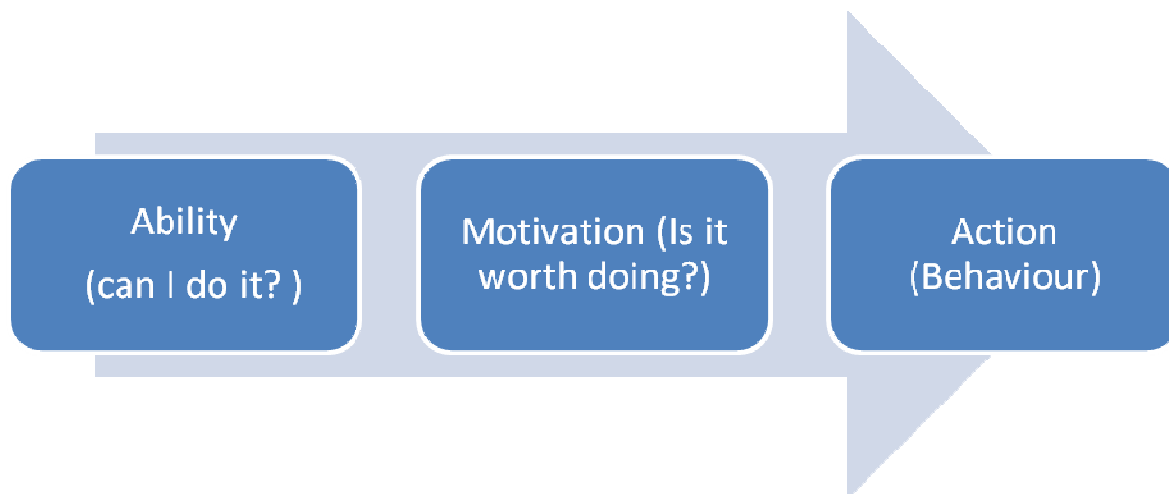
Research has shown that government regulations have had a significant impact on entrepreneurship in countries through bureaucratic challenges, complexities, and expenses (World Bank, 2004). When considering the South African government's effort to promote entrepreneurial motivation, there has been evidence of an improvement in the regulatory environment (Ncube, 2006).



### 2.2.3 Defining motivation

Behaviour is assumed to have a broader based meaning compared to action. Behaviour results from a combination of willingness and ability (Porter, Hollenbeck, Ellis & West, 2003). *Ability* is the answer to the question “can I do it?”. Whereas, *willingness* is mostly related to the question “is it worth doing?” (Kuratko, 2009). While *ability* exists within individuals, *willingness* drives these individuals to complete a specific action (Wickham, 2006:23). The argument discussed above is outlined in Figure 2.1 below.

**Figure 2.1: A suggested model for the relationships between motivation, ability, and action**



In Figure 2.1, action appears as the outcome of an engaged process between ability and motivation.

For the purpose of this study, the focus has been on the entrepreneurial behaviour that distinguishes an entrepreneur from other individuals. Kuratko's (2009) emphasizes that willingness is a key ingredient in entrepreneurship when approaching a task or tackling a new challenge. It is evident that willingness is indicative of motivation. Motivation can be defined as "the ability to encourage an individual to take a particular course of action" (Wickham, 2006:23). According to this definition, taking a particular course of action indicates the presence of a motivation.

Individuals are motivated by different factors. There are numerous theories which attempt to define and explain the reasons why individuals are motivated. *Need theories* discuss that people are motivated to go into action because they have a basic need that they seek to fulfil. On the other hand, *expectancy theory* places emphasis on the relationship of what people do and the rewards or outcomes that they will obtain through their action (Hughes, Ginnett & Curphy, 2009). The *task motivation theory* regarding managers focused on a broader set of motive patterns. These patterns are determined by five functions: self-achievement; risk avoidance; feedback of results; personal motivation; and planning (Gray & Howard, 2006). Even though definitions and reasoning behind motivation may differ, it is evident that these approaches confirm the notion that motivation is a driver which stimulates individuals to perform a particular action.

## 2.2.4 Motivation of entrepreneurs and its importance

*“Identifying motivations behind entrepreneurship decisions is critical to understanding the entire entrepreneurship process” (Kuratko et al., 1997)*

Entrepreneurship is a young field in research; most of the literature on entrepreneurial motivation has been conducted in past two decades (Benzing et al. 2009). Due to this fact, the literature is limited. In addition, there are different perspectives regarding entrepreneurial motivation.

Entrepreneurs are not like ordinary people (Wickham, 2006; Kuratko et al., 2009). They differ in terms of the source of their motivation when compared to employees, students or managers (Kuratko et al. 2009). Furthermore, the source of entrepreneurial motivation can be divided into two parts; *internal* and *external* sources (Yalcin & Kapu, 2008). Internal sources can be explained by personality, personal values and beliefs of entrepreneurs, while external sources refer to social, cultural and ethnic influences.

There are different forms of entrepreneurial motivation which impact on the formation of businesses or new ventures (Hansen & Wortman, 1989). These varying forms of motivation impact differently across entrepreneurs according to the stage of their business. There are two stages; prior to building the business and post-launching of the business. The influence of entrepreneurial motivation is evident in strategic planning, goal creation, structure and prioritising, before launching a business [the first stage] (Glancey, Greig & Pettigrew, 1998). Consequently, entrepreneurial motivation is inferred through the survival of the venture, growth of the business, or achieving high profit

margins, after launching the venture [the second stage] (Hansen & Wortman, 1989; Yalcin & Kapu, 2008).

Therefore, understanding what motivates entrepreneurs' decisions assists in a better understanding of the entrepreneurial process. Reynolds and Miller (1992) argue that motivations, when identified, help analyse the reasons behind building a business. Moreover, Yalcin and Kapu (2008) mention that motivations assist in the guidance of the remainder of the entrepreneurial process.

## **2.3 MEASUREMENT OF ENTREPRENEUR'S MOTIVATION**

Since there are different perspectives to approaching the task of defining motivation, it is understandable that the construct can be measured in various ways. Entrepreneurial motivational factors can be divided into *internal* and *external* motives (Robichaud, 2001). Another categorisation of motivational factors includes push and pull factors (Yacin & Kapu, 2008). Push factors consisted of family income and responsibility, dissatisfaction with a salary-based job or difficulty finding an appropriate job. On the other hand, pull factors refer to the need for independence, status in society, self-actualization and improvement to the status quo (Zimmerman & Chu, 2010).

Furthermore, entrepreneurial motivational factors can also be divided into four main categories: (1) extrinsic rewards, financial rewards (2) independence/ autonomy, freedom (3) intrinsic rewards, recognition, and (4) family security, family tradition (Kuratko et al., 1997; Yalcin & Kapu, 2008). Benzing et al. (2009) argues that Kuratko,

Hornsby and Naffziger and Robichoud, McGraw and Roger do not indicate which motivations are the strongest among entrepreneurs.

This study has adopted Kuratko's categorisation of entrepreneurial motivational factors. There were two main reasons for this decision. Firstly, different categorisations led to similar meanings; for example: *independence* was discussed as a pull factor in the categorisation according Yalcin and Kapu (2008), while the same factor was mentioned as internal factor according to Robichaud et al. (2001). Secondly, most empirical studies that measured entrepreneurial motivation used the (above mentioned) four factors (Benzing et al., 2009; Chu et al., 2007; Zimmerman & Chu, 2010).

**Table 2.1: Entrepreneurial motivation items and their numbers**

Motivation Item number	Motivation item
1	To be my own boss
2	To be able to use my past experience and training
3	To prove I can do it
4	To increase my income
5	To gain public recognition
6	To provide jobs for family members
7	For my own satisfaction and growth
8	To ensure job security
9	To build a business with which to pass on

Motivation Item number	Motivation item
10	To maintain my personal freedom
11	To be closer to my family

In Table 2.1, motivation items are listed in a specific order. For example: “to be my own boss” is expressed by item number “1”, while number “4” refers to the motivation “to increase my income”. In Table 2.2 the numbers in the right hand column refer the number relative to the motivation items in Table 2.1.

**Table 2.2: Comparable results of recent studies investigating entrepreneurial motivation**

PLACE	INFORMATION ABOUT THE STUDY (Title, authors, and date of publication)	ITEM NUMBER
Turkey	Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems (Benzing, Chu & Kara, 2009)	4, 8, 10
Romania	Hungarian Entrepreneurs in Romania- Motivations, Problems, and Differences (Benzing, Chu & Szabo, 2005)	4, 8
Uganda	Uganda entrepreneurs: why are they in business? (Bewayo, 1995)	4
Nigeria	An empirical study of Nigerian entrepreneurs: success, motivations, problems, and stress (Chu, Kara & Benzing, 2008)	1, 4, 7, 8
Kenya & Ghana	Ghanaian and Kenyan Entrepreneurs: A comparative analysis of their motivations, success characteristics and problems (Chu, Benzing & Mcgee, 2007)	4, 6, 7, 8
India	Entrepreneurial behaviour in Andhra Pradesh, India (Rai, 2008)	10
Vietnam	Motivation, Entrepreneurship and the performance of SMEs in Vietnam	6, 7

PLACE	INFORMATION ABOUT THE STUDY (Title, authors, and date of publication)	ITEM NUMBER
	(Swierczek & Ha, 2007)	
Kyrgyzstan	Entrepreneurial dimensions in transitional economies: a review of relevant literature and the case of Kyrgyzstan (Yalcin & Kapu, 2008)	4, 8
Venezuela	Motivation, success, and problems of entrepreneurs in Venezuela (Zimmerman & Chu, 2010)	1, 4

In Table 2.2, the region where the research was conducted is provided in the column on the left. Research title, author name and the year of publication are given in the centre column. An indication of the most important entrepreneurial motivation items are represented in the column on the right. For example: In the left column, the country listed first was “Turkey”. In the middle column, the research title of that particular study was “Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems”. The Authors’ names and the year of publication are also provided in this column: “Benzing, Chu & Kara, 2009”. In the right hand column, the findings of each study were indicated by a number which refers to Table 2.1.

As shown in Table 2.2, item number 1 appeared twice in the column on the right side entitled “item number”. This indicates that the motivation item “to be my own boss” was a significant motivation item in both Venezuela and Nigeria.

Items 2, 3, 5, and 9 did not appear in any of the above listed studies. Therefore, it could be assumed that the most important items regarding entrepreneurial motivation among entrepreneurs in South Africa would be item number 4, and perhaps 8 or 7. As these were most common in the research conducted in the above mentioned countries.

For the purpose of this study, entrepreneurial motivation has been defined by these motivational factors; (1) extrinsic rewards, (2) independence/ autonomy, (3) intrinsic rewards, and (4) family security that motivates entrepreneurs to pursue the survival of the venture, growth of the business and/or high profit margins.

## **2.4 CONCLUSION**

This chapter has provided an operational definition of the main construct of the study, entrepreneurial motivation. The operational definition stated in section 2.3 came as a result of the discussion of two parts. The first part was focused on defining the motivation of entrepreneurs and the second part related to the description of how this construct was measured in previous studies.

The main objective of this study was aimed at measuring the construct of entrepreneurial motivation. Therefore, the operational definition provided the components that were required to be tested through the study's hypothesis.



### 3 CHAPTER THREE: RESEARCH HYPOTHESIS

The objectives of the study stated in section 1.3, are as follows:

- To determine what motivates entrepreneurs in South Africa.
- To examine whether these motivations differ in terms of importance among entrepreneurs in South Africa.
- To define demographic characteristics that influence entrepreneurial motivations.
- To enable a cross-country comparison between what predominantly motivates entrepreneurs in South Africa and in other countries.

The first objective was achieved through the literature review in this study and the operational definition of entrepreneurial motivation was provided in section 2.3.

Therefore, this chapter is focused on the second objective as it is the hypothesis of the study as provided below. The third and the fourth objectives are still to be explored within chapter five.

Since the second objective had a clear quest, it was possible to meet that objective through stating the following hypothesis.

**Null Hypothesis:** All motivational factors are equal in terms of importance among entrepreneurs in South Africa.

**Alternative Hypothesis:** All motivational factors are NOT equal in terms of importance among entrepreneurs in South Africa.

## **4 RESEARCH METHODOLOGY**

### **4.1 RESEARCH DESIGN**

The object of descriptive research is to portray an accurate profile of persons, events or situations (Robson 2002). This may be an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research (Sounders, Lewis & Thornhill, 2009). In accordance with this information, this study aimed to portray entrepreneurship in South Africa by adopting a quantitative research method and instruments.

The survey strategy is usually associated with the deductive approach and it is popular research instrument as it allows the collection of a large amount of data from a sizeable population in a highly economical way. In addition to these advantages, it is a common strategy in business and management research which usually answers who, what, where, and how questions (Sounders et al., 2009). Surveys allow for an accessible collection of data and simplicity with regard to explaining the collected data. The survey strategy has been used to elucidate the motivational factors among entrepreneurs in South Africa.

This study is not considered as a longitudinal study; instead it is regarded as a cross-sectional study since data was gathered at one point in time (Sounders et al, 2009).

## **4.2 POPULATION AND UNIT OF ANALYSIS**

The sample population was selected from small-medium sized enterprises' owners in South Africa's Gauteng province who have successfully sustained their businesses in last three years. Furthermore, the age of businesses that was targeted in this study was limited to less than 15 years. The entrepreneurs included in the survey were required to have maintained an active role in managing their business. The size of the population was the total number of SMEs owners in South Africa.

For the purpose of the study, entrepreneur was operationalised as an individual who owns and is actively involved in managing a business, which operates within the retail, wholesale, service or manufacturing industry.

Unit of analysis was the entrepreneur.

## **4.3 SAMPLING METHOD AND SIZE**

Without obtaining a list of all South African entrepreneurs, non-probability sampling was applied. The convenience sampling technique was utilised in order to draw a sample from the target population. Convenience sampling is the simplest form of non-probability sampling (Sounders et al., 2009).

In the study conducted by Benzing et al. (2009), a sample size of 139 entrepreneurs was obtained while Zimmerman et al. (2010) conducted a study that researched a sample of 297. These two studies were focused on motivation, success factors, and problems faced by entrepreneurs. However, this study has limited its investigations to

motivations of entrepreneurs. Therefore, a sample size of 50 entrepreneurs was deemed sufficient for the purpose of this study.

#### **4.4 DATA GATHERING**

The questionnaire which was used for data collection was developed by Hung M. Chu (Chu & Katsioloudes, 2001) and had been used in the study of entrepreneurs in Vietnam, Turkey, Romania, India, Kenya, and Ghana (Chue, et al., 2007; Benzing et al., 2009; Benzing and Chu, 2005; Benzing, Chu, and Callanan, 2005; Benzing, Chu, and Szabo, 2005).

##### **4.4.1 Advantages and disadvantages of interviewer-administrated questionnaire**

An Interviewer-administrated questionnaire was used as the data gathering method. According to D.R.Cooper and P.S.Schindler (2003:208) this method has advantages and disadvantages:

##### **Advantages:**

- Insures better cooperation from respondents
- Interviewer can answer questions about survey, use follow-up questions, and gather information by observation
- Illiterate and functionally illiterate respondents can be reached
- Interviewer can pre-screen respondent to ensure he/she fits the population profile

### **Disadvantages:**

- High costs
- Need for highly trained interviewers
- Longer period needed in the field collecting data
- Follow-up is labour intensive
- Not all respondents are available or accessible
- Some respondents are not willing to talk to strangers in their business place

In consideration of the above mentioned advantages and disadvantages, this study made use of the professional services of a research company and its trained interviewers. There were 4 trained interviewers in addition to a supervisor to monitor the data collection process.

#### **4.4.2 Questionnaire design**

The survey questionnaire was sectioned into 3 main categories. The first set of questions utilised filtering questions. The second set of questions focused on demographic questions under two categories; organizational level (e.g., number of employees, age of business, annual revenue of business, location of business) and personal level (e.g., gender, marital status, age, number of dependents in the family, and level of education). The third and last set of questions addressed motivation measurement tools.

The questionnaire used in this study (see appendix A) had 12 questions. The middle column in Table 1 outlined question numbers and the column on the right entitled *type of data* shows the scale at which responses were captured. The column entitled *item* indicates the variable measured by the corresponding question. For example, the first question *actively involved in management* asked whether the entrepreneur was still actively involved in managing the business or not. Thus, it was a yes or no question and therefore, captured as nominal data.

**Table 4.1: The Questions assigned in the questionnaire and the type of data**

ITEM	QUESTION	TYPE OF DATA
Actively involved in management	Q1	Nominal
Age of business	Q2	Ratio
Business location	Q3	Nominal
Business revenue	Q4	Ratio
Type of business	Q5	Nominal
Number of employee	Q6	Ratio
Gender	Q7	Nominal
Marital status	Q8	Nominal
Dependents	Q9	Ratio
Age of entrepreneur	Q10	Ratio
Level of education	Q11	Ordinal
Motivation tools	Q12	Interval

#### 4.4.3 Measurement

The following items were used to measure motivational factors. As shown in Table 2, the middle column contains the four factors of motivation. The column on the left is the

resource where these factors are found. The column on the right refers to the items which were used to measure the assigned motivational factor. For example, M6, M9 and M11 refer to the 6<sup>th</sup>, 9<sup>th</sup>, and 11<sup>th</sup> items under Question12. These items were assigned to measure motivational factors.

**Table 4.2: Motivational factors related to motivation item**

Resource	Motivational Factor	Items (mentioned under Q12)
(Chu & Katsioloudes, 2001)	Extrinsic rewards	M1 to M11
	Independence /autonomy	
	Intrinsic rewards	
	Family security	

## 4.5 DATA ANALYSIS

The strengths of the motivational variables were measured using a 5 point-Likert Scale. Factor analysis was used as a statistical method in order to analyse collected data. The analysis conducted in the study is discussed in the following chapter along with the results and findings of the study.

## **5 CHAPTER FIVE: RESULTS AND DISCUSSIONS**

### **5.1 INTRODUCTION**

In this chapter, reliability analysis will be discussed in accordance with the purpose of the study outlined in section 5.2. Factor analysis, procedure and the result of the hypothesis will be presented. Descriptive statistics are presented and results are discussed within the sub-sections of this chapter. The final section examines these findings in comparison with previous studies.

### **5.2 RELIABILITY ANALYSIS**

This study was not concerned with the measurement correlations between two constructs; instead it was interested in assessing the most important factors pertaining to entrepreneurial motivation. Therefore, there was no need to conduct statistical analysis for Cronbach's Alpha to determine internal consistency of the measurement scale (Cooper & Schindler, 2003:237).

This study utilised factor analysis in order to analyse the collected data. The Kaiser-Meyer-Olkin (KMO) test was used to test sampling adequacy. For a sample less than 100 respondents, a factor loading of more than 0.30 is considered significant (Hair, Black, Babin, Anderson & Tatham, 2006). Kaiser-Meyer-Olkin test of sampling adequacy was calculated as 0.718 in this particular study. The result of this test was greater than 0.5, implying that the sample size is adequate. In addition, the sample population was less than 100, therefore, the Barlett test of sphericity was not applicable.



### 5.3 FACTOR ANALYSIS PROCEDURES AND RESULTS

Cooper and Schindler (2003:635) refer to factor analysis as an umbrella term for several specific computation techniques. The objective of factor analysis is to reach the least number of variables that belong together and have overlapping measurement characteristics. This is aimed at reducing these variables to a manageable number.

Principle components analysis (PCA) was the approach chosen to run the analysis of the study. It produces a new set of variables that are not correlated with each other. This means, that the second principle component would contain “the best combination of variables for explaining the variants not accounted for by the first factor” (Cooper & Schindler, 2003:635).

Data entry was done in Microsoft excel and then exported to Statistical Package for Social Sciences (SPSS). All the analysis (frequencies, mean, and factor analysis) was carried out in SPSS. Before conducting the PCA in SPSS software, there was a statistical assumption that was tested. This test was related to multicollinearity. “Multicollinearity is a situation in which two or more of the variables are highly correlated with each other” (Weiers, 2008:632). The data was tested for multicollinearity and the results indicated that the determinant of the correlation matrix is 0.09 which is greater than 0.00001. Therefore, multicollinearity is not a concern in this particular data set and thus factor analysis is appropriate.

**Table 5.1 Total variance explained through principle component analysis (PCA)**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,136	37,596	37,596	4,136	37,596	37,596	2,915	26,498	26,498
2	1,814	16,490	54,087	1,814	16,490	54,087	2,215	20,133	46,631
3	1,163	10,577	64,664	1,163	10,577	64,664	1,984	18,033	64,664
4	0,836	7,597	72,260						
5	0,791	7,193	79,453						
6	0,564	5,124	84,577						
7	0,494	4,488	89,066						
8	0,415	3,768	92,834						
9	0,369	3,353	96,187						
10	0,284	2,582	98,770						
11	0,135	1,230	100						

Table 5.1 highlights the three components that resulted from the principle component analysis. As shown on table 5.1, there are three components that resulted from PCA. These three components accounted for 65% of the total variance. The empty cells indicate that there were no other components resulting from this analysis as all the eleven items were exhausted in the first three components. In Comparison with previous studies, it is rarely found that the investigated data load is less than four

factors. It is assumed that the size of the sample in the current study might have had an indirect influence that influenced this result.

The motivation questionnaire contained eleven items which are interrelated. When Principle Components Analysis was conducted on the collected data, three factors were produced. This is shown in Table 5.1. Table 5.2 outlines the corresponding items to each of the resulting factors.

**Table 5.2: Factor Analysis rotated component matrix-Varimax**

Motivational Item	Factor 1	Factor 2	Factor 3	Communality
1. To be my own boss	-0.108	0.236	0.762	0.649
2. To be able to use my past experience and training	0.664	0.277	0.071	0.522
3. To prove I can do it	0.272	0.383	0.533	0.504
4. To increase my income	0.274	-0.015	0.661	0.513
5. To gain public recognition	0.540	0.143	0.577	0.645
6. To provide jobs for family members	0.791	-0.133	0.263	0.712
7. For my own satisfaction and growth	-0.076	0.729	0.330	0.646
8. So I will always have job security	0.138	0.762	0.334	0.710
9. To build a business to pass on	0.752	0.230	0.052	0.622
10. To maintain my personal freedom	0.230	0.853	-0.136	0.799
11. To be closer to my family	0.868	0.071	0.181	0.791
Variance	2.915	2.215	1.984	
Percentage of Variance	26.498	20.133	18.033	

The result of the Principle Components Analysis (PCA) produced a strong correlation without deletion of any of the eleven motivational items. The least loaded item is 0.53 which was bigger than 0.30.

In Table 5.1, factor 1 refers to family security; factor 2 extrinsic rewards; and factor 3 intrinsic rewards.

As a result of PCA, it was determined that motive 2, 6, 9, and 11 were the most significant motives within factor 1. "To be able to use my past experience and training", "To provide jobs for family members", "To build a business to pass on", and "To be closer to my family" are interrelated as components of Factor 1, family Security.

The results regarding Factor 2 suggested that motivational item 7, 8, and 10 had the highest representation. This determined that "For my own satisfaction and growth", "So I will always have job security", and "To maintain my personal freedom" are interrelated to each other as an extrinsic reward variable.

In the column entitled Factor 3, the variables 1, 3, 4 and 5 are highlighted. These variables were "To be my own boss", "To prove I can do it", "To increase my income", and "To gain public recognition". These variables are significantly related to *intrinsic rewards*.

#### 5.4 HYPOTHESIS TESTING AND INTERPRETATION OF RESULT

In order to test the hypothesis stated in chapter 3, it was necessary to calculate the mean and standard deviation scores for the three motivational factors that resulted from the PCA which was carried out in this study.

**Table 5.3 Summated Scores**

Summated Scores	Mean Score	Standard Deviation
Scale 1 - Factor 1	3,56	1,457
Scale 2 - Factor 2	4,28	1,023
Scale 3 - Factor 3	3,94	1,278

Table 5.3 outlines the standard deviation values related to three factors. In Table 5.3, factor 1 refers to family security; factor 2 extrinsic rewards; and factor 3 intrinsic rewards.

The hypothesis of the current study as stated in chapter 3 is:

$H_0$ : All motivational factors are equal in terms of importance among entrepreneurs in South Africa

This hypothesis required a comparison between the motivational factors as scored by the respondents. If the comparison indicates that all factors are equally significant and there is not a single motivational factor that stands out from other motivational factors, then the above stated null hypothesis will be true. In order to conduct a statistical test for the purpose of this hypothesis, the variance of the sample should be known and the sample size should be identified. This provides an indication as what statistical test is most suitable.

The sample size is greater than 30 ( $n > 30$ ). The variance of the sample is known. Therefore, the z-test, is an appropriate statistical procedure. The z-test is utilised when testing a mean when the standard deviation is known (Weires, 2008:318).

Mathematical statement of the null hypothesis

$$H_0: \sigma^2_1 = \sigma^2_2 = \sigma^2_3$$

Alternative hypothesis: Family security mean  $\neq$  intrinsic rewards mean

Test at 0.05 significance level. This corresponds to -1.64.

Reject Null hypothesis if  $Z_{cal} < -1.64$

$$Z_{cal} = \frac{(\bar{X}_1 - \bar{X}_2)}{\sqrt{\left(\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}\right)}}$$

The test statistic is

$$= \frac{(3.64 - 4.16)}{\sqrt{\left(\frac{1.425^2}{200} + \frac{1.171^2}{200}\right)}}$$

$$= -3.987$$

Since  $Z_{calc}$  was less than -1.64, the null hypothesis was rejected. Thus, it can be concluded that family security is not equal to intrinsic rewards in terms of importance. There was a significant difference between the mean score variances of intrinsic rewards and extrinsic rewards.

## 5.5 DESCRIPTIVE STATISTICS

### 5.5.1 Introduction

In this study, data was collected from 50 entrepreneurs in Gauteng. Gauteng is the economic hub of South Africa with a population of over ten million (Wikipedia-Free Encyclopaedia, 2010). For the purpose of this particular study, an entrepreneur was

defined as an individual who owns and is actively involved in managing his/her business, which operates in the retail, wholesales, service or manufacturing industry.

**Table 5.4: Previous studies' research type, sample size and target populations**

<b>Place</b>	<b>Title of the research</b>	<b>Authors and year</b>	<b>Sample size and the target population</b>	<b>Type of research</b>
Turkey	Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems	Benzing, Chu & Kara, 2009	139-SMEs	Descriptive
Kenya & Ghana	Ghanaian and Kenyan Entrepreneurs: A comparative analysis of their motivations, success characteristics and problems	Chu, Benzing & Mcgee, 2007	156-Micro-Small Enterprises(MSEs)	Descriptive, two samples
Venezuela	Motivation, success, and problems of entrepreneurs in Venezuela	Zimmerman & Chu, 2010	297-SMEs	Descriptive
Vietnam	Motivation, Entrepreneurship and the performance of SMEs in Vietnam	Swierczek & Ha, 2007	306-SMEs	Descriptive
Morocco	Motivations of Moroccans to be entrepreneurs	Gray, Foster & Howard, 2006	201-SMEs	Exploratory, multiple samples
Russia	Russian entrepreneurial motive patters: A validation of the miner sentence completion scale in Russia	Tullar. 2001	120- All enterprises	Exploratory, more than one sample
Kyrgyzstan	Entrepreneurial dimensions in	Yalcin & Kapu, 2008	71-Local SMEs related	Exploratory

<b>Place</b>	<b>Title of the research</b>	<b>Authors and year</b>	<b>Sample size and the target population</b>	<b>Type of research</b>
	transitional economies: a review of relevant literature and the case of Kyrgyzstan		to government agencies	
Nigeria	An empirical study of Nigerian entrepreneurs: success, motivations, problems, and stress	Chu, Kara & Benzing, 2008	243-SMEs	Descriptive
South Africa	Motivations of Entrepreneurs in South Africa	Kaymak, 2010	50-SME	Descriptive

Tullar's (2001) study was the first study among the studies mentioned in Table 5.1. This study was conducted in Russia and involved a comparison between a sample collected in Russia and another sample that was collected in the United States of America. In 2007, a similar study was conducted with two samples; these took place in Kenya and Ghana.

In Table 5.4, the sample size, target population and research design of each study is provided. As shown in table, the studies that investigated Moroccan, Russian, and Kyrgyzstan entrepreneurs utilized exploratory research methods, while the remaining studies followed a deductive, descriptive approach.

This study was conducted in South Africa and focused on entrepreneurial motivation. Most of the other studies outlined in Table 5.4 provided a wider focus (i.e., motivation, success factors, and problems). For this reason, this study had a smaller sample size in comparison to the other studies mentioned above.



Potential respondents were identified in accordance with particular characteristics and non-probability sampling was applied. The convenience sampling technique was chosen due to limited resources. Convenience sampling is the simplest form of non-probability sampling (Cooper & Schindler, 2003).

Four professional interviewers were selected from a research company. The purpose of the study was explained to these trained researchers by their supervisor. In order to acquire the sample population, the researchers who implemented the questionnaire chose participants from retail stores in shopping malls in various areas across Gauteng. The data was obtained through face-to-face interviews with entrepreneurs in their shops.

The survey used in this study was originally developed by Hung M. Chu (Chu & Katsioloudes, 2001). The original questionnaire was focused on motivation, success factors and problems faced by entrepreneurs. Due to the focused area of study, motivation-related questions were chosen from the original questionnaire in order to limit the measurement to motivations of entrepreneurs. Therefore, questions regarding success factors and problems were excluded.

The questionnaire consisted of 12 questions, divided into 3 sections. The first section contained questions which were designed in order to identify entrepreneurs who were not suitable candidates within the target population. These questions are referred to as filtering questions. The second set of questions dealt with demographic information. This was divided into two sub-sections; an organisational level and a personal level.

Questions regarding the organisation aimed to acquire information on entrepreneurs' ventures (e.g., age of venture, type of industry). While the demographic questions within the personal level sub-section were intended to gather personal information about the sample entrepreneurs (e.g., gender, marital status, age, number of dependents in terms of income). Finally, the last set of questions contained the motivation measurement tool.

Although there are eleven official languages in South Africa, English is the most common urban language. Therefore, English is the most predominantly utilized language in commerce. As a result, the questionnaire was prepared and conducted in English.

In the following sections, the research results are presented.

### **5.5.2 Motivation characteristics**

The 11 items were used to measure entrepreneurial motivation in order captured standardised responses. A five-point Likert scale was used to capture the responses for the motivation-related questions. These ranged from: 1=strongly disagree to 5=strongly agree. As shown in Table 5.7, the highest mean score was item 1 (to be my own boss) and the lowest mean score was item 6 (to provide jobs for family members).

The standard deviation scores ranged from 0.76 to 1.50. The dispersion expressed by the standard deviation values indicated that item 9 (to build a business to pass on), which had the highest standard deviation, included responses with high variance. This suggests that most of the responses were not close to the mean score of that item as is

the case with item 7 (for my own satisfaction and growth). The later item had the smallest standard deviation value: 0.76.

### 5.5: Mean of attributes

<b>Motivation</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
1. To be my own boss	50	4.6	0.78
2. To be able to use my past experience and training	50	4.14	1.17
3. To prove I can do it	50	4.2	1.03
4. To increase my income	50	4.5	0.81
5. To gain public recognition	50	3.34	1.49
6. To provide jobs for family members	50	3.3	1.46
7. For my own satisfaction and growth	50	4.5	0.76
8. So I will always have job security	50	3.98	1.16
9. To build a business to pass on	50	3.58	1.50
10. To maintain my personal freedom	50	4.42	0.99
11. To be closer to my family	50	3.54	1.44

### 5.5.3 Demographic measurements

The second section of questions was designed to capture demographic information regarding the sample. The sample characteristics in the study are provided in Table 5.6.

**Table 5.6: Characteristics of the sample population**

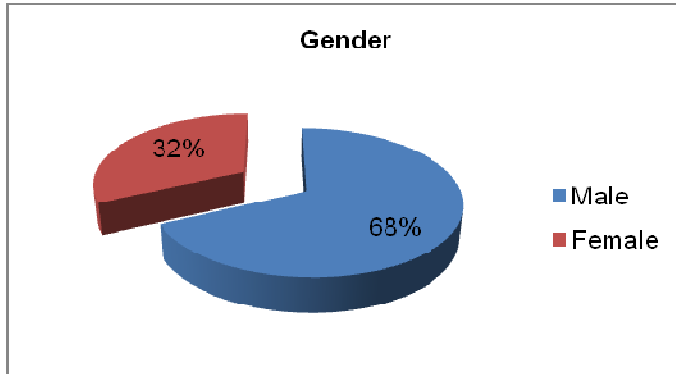
<b>Information gathered</b>	<b>Number of responses</b>	<b>Average score of answer</b>	<b>Std. Deviation</b>
Age of business	50	17.8	13.59
Annual revenue of business, in Rand value	24	R 2,142,916	R2,923,625.62
Number employees currently employed	50	7.02	7.06
Number of Individuals dependent on entrepreneur's income	50	3.14	3.64
Age of the entrepreneur	50	48.14	15.91

\* Note: 36 respondents did not answer question 2, however, they indicated that their turnover was less than 10million.

The sample size of the study population was 50 entrepreneurs. Although all of the respondents declared that their annual revenue was less than R10 Million, only 24 respondents were willing to provide an exact number regarding their business's revenue. The mean and standard deviation of annual business revenue in the relevant column represented these 24 responses.

Of the total sample population, the respondents of the questionnaire comprised of 32% female and 68% male. Figure 5.1 below depicts the sample population in terms of male and female percentages.

**Figure 5.1 Gender of sample**



The sample of this study was slightly male dominated. However, this was far less significant than the disproportionate percentage of male respondents in the study by Benzing et al. (2009) conducted in Turkey. 91% of these respondents were male. The percentage of male respondents was 93% in the Russian study (Tullar. 2001). 73% male in Venezuela; 78% male in Kyrgyzstan; and 69% male in the Nigerian study (Chu, Kara & Benzing, 2008; Yalcin & Kapu, 2008; Zimmerman & Chu, 2010). This finding suggests that South Africa is also a male dominated country as Global Entrepreneurial Monitor (GEM) (GEM, 2010) states in its study.

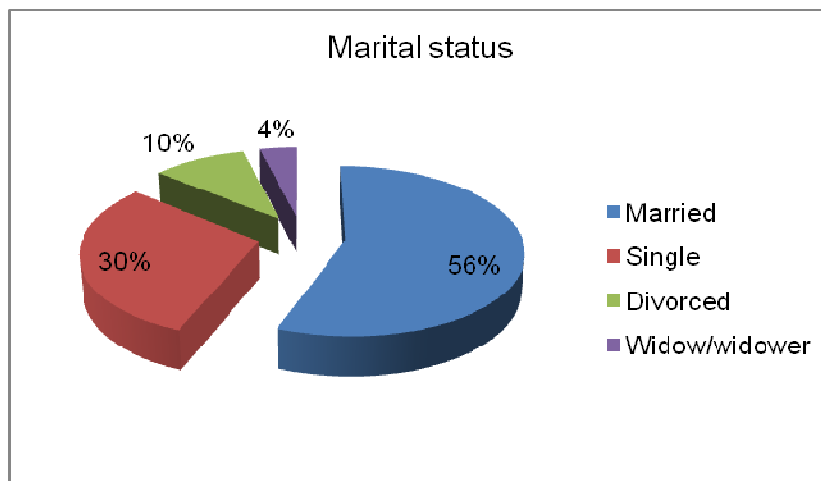
The average age of a business within this particular sample was 17 years. The average number of dependents that are reliant on the income of an entrepreneur was around 3 individuals. These results represent higher values than most of the previous studies which collected relative data from other countries (as presented in Table 5.4.)

The average age of entrepreneurs in this study is 48 years; this is higher in comparison to previous studies that have conducted similar research. The sample in the

Venezuelan Entrepreneur study had an average age of 44 years. In the Kyrgyzstan Entrepreneur Study, 64% of its sample was over 36 years old (Zimmerman & Chu, 2010).

In this study, it is evident that retail is the dominant type of business. 82% of responses were captured from retailers. Retailers represent 41 individuals out of the 50 respondents. As indicated in the previous chapter, the research facilitators collected the data within shopping malls. Therefore, it is understandable that the majority of the respondents were retailers as shopping malls contain mostly retail-orientated businesses.

**Figure 5.2 Marital Status**



The majority of respondents were married; representing 56% of the sample. 30% of the sample was single, 10% divorced, and 4% a widow/widower. Motivation results according to marital percentages will be discussed in a subsequent section.

**Table 5.7: Level of education**

		Frequency	Percent
Valid	1 NO FORMAL EDUCATION	1	2
	2 SOME GRADE SCHOOL	2	4
	3 COMPLETED GRADE SCHOOL	1	2
	4 SOME HIGH SCHOOL	5	10
	5 COMPLETED HIGH SCHOOL	12	24
	6 SOME COLLEGE	4	8
	7 COMPLETED COLLEGE	12	24
	8 SOME GRADUATE WORK	3	6
	9 A GRADUATE DEGREE	10	20
	Total	50	100

In Table 5.7, the level of education is provided in the second column from left. Under the column entitled frequency, entrepreneur's responses are noted according to their level of education. On the right hand side of the frequency column, the percentage representative of each response is presented.

The results representing the education level of the sample entrepreneurs is depicted in Table 5.8. According to the data, 50% of the sample was educated to college level or below. 10 responses, which represents 20% of the sample population, have obtained a graduate degree.

#### **5.5.4 Comparison between measurements and demographic characteristics**

Some demographic results, which were discussed in the previous section, have been combined with motivation tools in the following section.

**Table 5.5 : The level of education and related motivation factor**

Motivation items	Mean score		
	High school or lower	Post High school and below Graduate degree	Graduate degree and above
1. To be my own boss	4.32	4.76	4.80
2. To be able to use my past experience and training	4.26	3.86	4.50
3. To prove I can do it	4.21	4.19	4.20
4. To increase my income	4.53	4.33	4.80
5. To gain public recognition	3.32	3.43	3.20
6. To provide jobs for family members	3.63	3.00	3.30
7. For my own satisfaction and growth	4.53	4.43	4.60
8. So I will always have job security	3.74	4.10	4.20
9. To build a business to pass on	3.95	3.24	3.60
10. To maintain my personal freedom	4.21	4.43	4.80
11. To be closer to my family	3.68	3.33	3.70

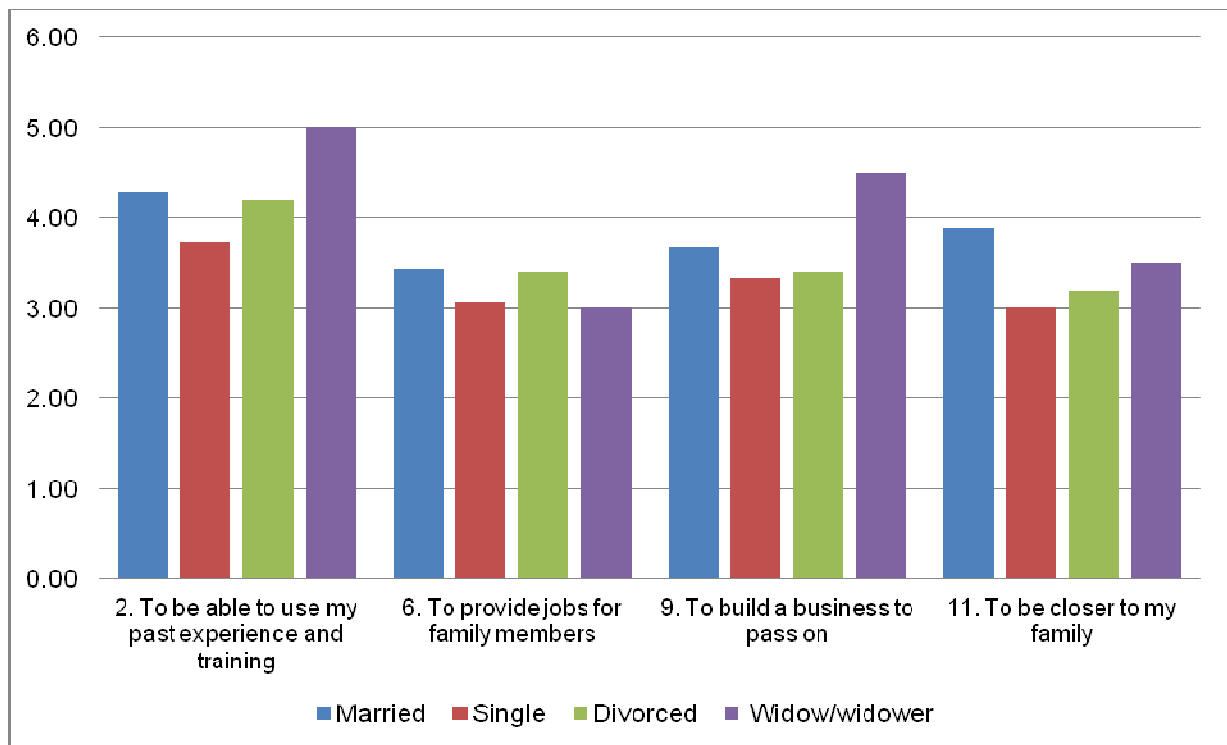
The relation between education level and motivation items are presented in Table 5.8. In the left-hand column, motivation items are listed. In the following three columns, the education level is represented: Firstly, high school or lower, followed by post high school, below graduate degree and the final column, graduate degree or above. As highlighted in the table, “To be my own boss”, “To increase my income”, and “For my own satisfaction and growth” were common response items among all education levels. This finding differed regarding the item “To be able to use my past experience and training” which was significant for entrepreneurs who had been educated to high school or below but rather insignificant for the other two education categories mentioned in the table. However, the item “To maintain my personal freedom” was highly rated by



entrepreneurs who had “post high school or below graduate degree” and those who had a “graduate degree or above”.

Based on the marital status results of the sample, the motivation of entrepreneurs’ family security attributes are provided in Figure 5.3.

**Figure 5.3 Marital Status against Family security attributes**



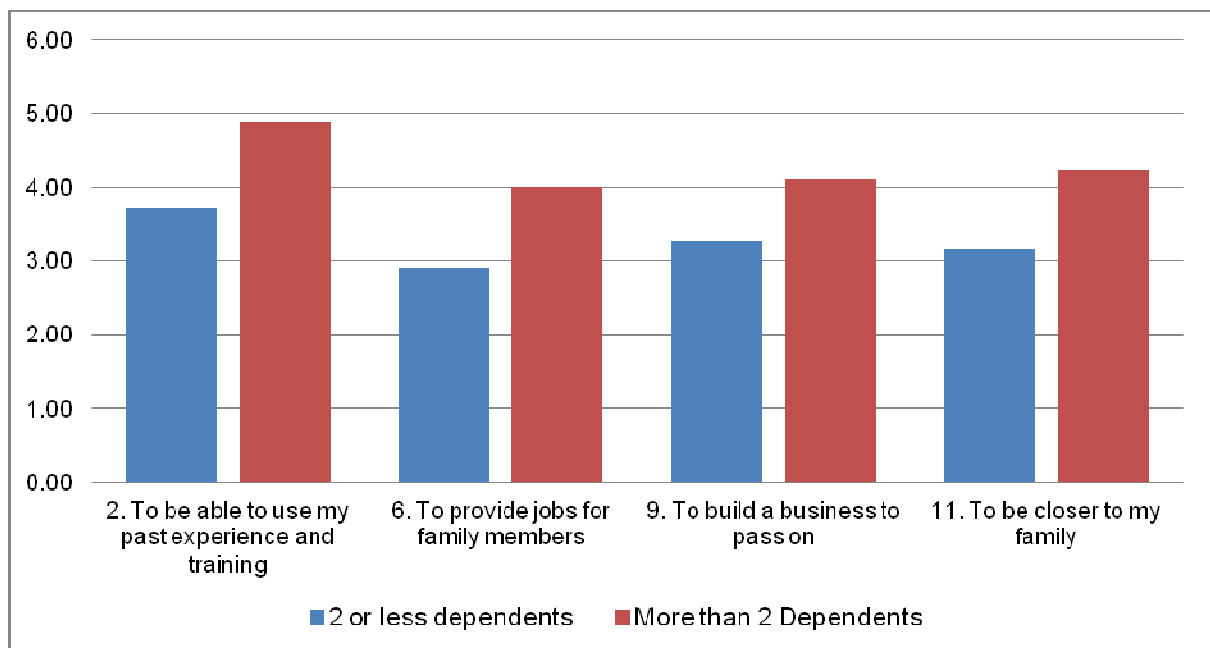
In Figure 5.3, married entrepreneurs were represented by the colour blue, single entrepreneurs in red and divorced entrepreneurs and widow/widowers were shown by green and purple respectively.

As seen in Figure 5.3, widow/widower entrepreneurs are highly motivated by the item “To be able to use my past experience and training” and “To built a business to pass on”. Married entrepreneurs appear to be more motivated than others by the item “To be closer to my family”. Divorced and married entrepreneurs appear to be motivated more by the item “To provide jobs for family members” more than other entrepreneurs with different marital statuses.

Based on the number of dependents to respondents, Figure 5.4 is given below. In Figure 5.4, entrepreneurs were divided into two groups with respect to their number of dependents. Group one contained the entrepreneurs who had more than two dependents and the other group included those who had two or less dependents.

Independency and family items are represented in the same figure. In Figure 5.4, entrepreneurs who have more than two dependents were motivated more than the entrepreneurs who had only two dependents or less across all motivational items. It is clear from Figure 5.4 that both groups of entrepreneurs were highly motivated by the item “To be able to use my past experience and training” than other motivational items.

**Figure 5.4 Dependents vs. family status attributes**



## 5.6 PREVIOUS STUDY FINDINGS

The eleven items which were used in this study may be influenced by different factors depending on the country's culture, economic conditions or entrepreneurial framework.

Table 5.9, represents the findings of three African countries' in comparison with this study in terms of motivational factor significance. In this particular study, all eleven motivational items were allocated to one of three factors; intrinsic rewards, family security, or intrinsic rewards. In Nigeria, there are only two motivational items within intrinsic rewards. Empty cells indicate that the corresponding motivational item was not represented by any of the factors identified in the relevant study.

**Table 5.6 Motivation factors of entrepreneurs in African countries**

	<b>Ghana Kenya</b>	<b>South Africa</b>
<b>1. To be my own boss</b>		Intrinsic rewards
<b>2. To be able to use my past experience and training</b>		Family security
<b>3. To prove I can do it</b>	Extrinsic reward	Intrinsic rewards
<b>4. To increase my income</b>	Extrinsic reward	Intrinsic rewards
<b>5. To gain public recognition</b>	Extrinsic reward	Intrinsic rewards
<b>6. To provide jobs for family members</b>	Intrinsic rewards	Family security
<b>7. For my own satisfaction and growth</b>	Legacy Effect	Extrinsic reward
<b>8. So I will always have job security</b>	Intrinsic rewards	Extrinsic reward
<b>9. To build a business to pass on</b>	Intrinsic rewards	Family security
<b>10. To maintain my personal freedom</b>	Legacy Effect	Extrinsic reward
<b>11. To be closer to my family</b>		Family security

In the study among Ghanaian and Kenyan entrepreneurs, the items “To prove I can do it”, “To increase my income” and “To gain public recognition”, were loaded onto extrinsic rewards. Intrinsic rewards were represented by the following items “To provide jobs for family members”, “So I will always have job security” and “To build a business to pass on”. The study of Ghanaian and Kenyan entrepreneurs referred to independency/ autonomy factor as the legitimacy effect factor. The legitimacy effect or independency factor included the items “For my own satisfaction and growth” and “To maintain my personal freedom” (Chu et al., 2007).

The findings in Nigeria suggested that “To be my own boss” and “For my own satisfaction and growth” are items which are relative to intrinsic rewards. The study implied that Nigerian entrepreneurs were highly motivated by monetary rewards and profit (Chu et al., 2008).

## **5.7 CONCLUSION**

In this chapter, a presentation of the empirical findings of the study was provided and the result of the study’s hypothesis test confirmed the rejection of the hypothesis. It was determined that the most important motivational factor among entrepreneurs in South Africa was family security which included the following items; “To be closer to my family” and “To provide jobs for family members”.

Extrinsic rewards were the second most important motivational factors among entrepreneurs in South Africa. “So I will always have job security” was the most significant motivational component of extrinsic rewards. The second most important component of this factor was “To maintain my personal freedom”.

## **6 CONCLUSION**

### **6.1 INTRODUCTION**

Within this chapter, there are four sections. The first section summarises the findings regarding motivation of entrepreneurs in South Africa. This is followed by the managerial implications of the study. The third section indicates research limitations and finally, the fourth section provides recommendations for future research.

### **6.2 SUMMARY OF FINDINGS**

The study yielded interesting information on entrepreneurs South Africa. The findings of the study indicate that entrepreneurs in South Africa are highly motivated by their families and maintaining their personal freedom. On the next level of motivating factors, came the interest of providing jobs to family members and the desire to build businesses that can be passed on. Therefore, it is possible to conclude that family security and extrinsic rewards are more important factors than intrinsic rewards.

On the basis of these findings, it is worth noting that the results regarding South African entrepreneurs as a country within the African continent differ significantly from other African countries where similar studies took place. As previously stated, economical conditions and entrepreneurial framework are assumed to be different in South Africa in comparison to other African countries.

Another possible reasoning for these findings is related to the sample of the study. In this particular study, the responses were captured from entrepreneurs who operate their businesses within shopping malls. Due to the high rental rates and the scale of the enterprises in shopping centres, entrepreneurs may have similar characteristics that are unique and therefore different from other entrepreneurs' characteristics.

The results of the study revealed that there were various reasons behind the motivation of entrepreneurs in South Africa. For example: among the sample, the results differed according to education level, marital status and gender. It appeared that as the level of education increased, the motivational item "To maintain my personal freedom" became more important. However, family security remained the highest motivation factor.

### **6.3 MANAGERIAL IMPLICATIONS OF THE STUDY**

As this study is descriptive, different demographic attributes and motivation factors were identified. These attributes were unique to the entrepreneurs who participated in the questionnaire in South Africa.

A managerial implication stemmed from the comparisons that were carried out in different sections of the study. These comparisons covered a spectrum of dimensions. One dimension was related to the influence of the business environment on motivating the entrepreneur. The business environment was found to have a notable impact on the process of entrepreneurship in different countries. In most cases governments played a principle role in designing the business environment, especially for entrepreneurs.

Another dimension related to the impact of the macro-economic conditions on entrepreneurs' motivation. Certain studies similar to this study indicated through their findings that entrepreneurship in developed economies had an advantage in comparison to that of developing economies (Benzing et al., 2009; Zimmerman & Chu, 2010; Zwierczek & Ha, 2010). Since South Africa is also perceived as a developing economy, entrepreneurs in South Africa face similar difficulties that other entrepreneurs in developing countries encounter. However, it was evident that the macro-economic conditions of the country did not weary entrepreneurs in South Africa to the same extent as it was the case in other African countries.

#### **6.4 RESEARCH LIMITATIONS**

This study had several limitations:

The sample was drawn from entrepreneurs in within South Africa. The findings may not be generalised to across the globe, across developing countries or even encompass other African countries.

The list of motivations factors was limited in number and scope. A prepared list of motivational items and using these items may influence entrepreneurs' answers. According to this factor, it may have resulted in the omission of other significant motivational items. Future research may benefit by providing an opportunity for entrepreneurs to include personal motivational items in addition to those provided.



Another limitation is that the study had not been validated within South Africa. Although, the survey has been used in a number of previous studies (Benzing et al., 2009). The study included respondents from shopping malls in Gauteng, the economic hub of South Africa. The sample represents a small portion of entrepreneurs in South Africa. Therefore, results vary in other provinces and the ability to generalise the findings of this study is limited.

Another limitation in this study relates to the data collection method. An interviewer-administered questionnaire was utilised. Therefore, the administrator of the questionnaire who interviewed the respondents may have influenced the responses of respondents.

The definition of the population of the study was limited to SMEs.

- Minimum age of business was at least 3 years. An additional condition was that these businesses must be running successfully at the time of data collection.
- Less than 250 employees,
- Revenue to be less than 10,000,000.00 ZAR.

## **6.5 RECOMMENDATIONS FOR FUTURE RESEARCH**

A similar study could be conducted with a larger sample which represented entrepreneurs from all provinces within South Africa. This would provide a reliable database from which to draw entrepreneur's motivations at a national level.

Another useful area to investigate would require the generation of more constructs, not merely motivation. For example: success factors and entrepreneurs' problems in South Africa together with entrepreneurial motivation would add to the body of knowledge within the South African context.

Further studies could be carried out to investigate entrepreneurial success factors and problems entrepreneurs face in the country. This would provide an opportunity to compare the results depending on the different samples. In addition, it would be advantageous to have a large sample, in order to be more representative of the South African population.

The number of female entrepreneurs represented in this study is relatively small. Therefore, it is suggested that further studies should refine their research to motivational factors, success factors and problems relating to "female-owned businesses". This could provide information that could yield interesting comparisons, particularly with other similar studies such as the study conducted in Canada (Robichaud, Cachon & Haq, 2010).

The sample merely consisted of South Africa entrepreneurs. Future research could compare South African entrepreneurs to other African countries. This would require conducting research that utilises multiple samples; this method would present far better results for comparison.

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## 8 APANDIX A: SURVEY QUESTIONNAIRE

### Consent Letter: MBA data Collection with Entrepreneurs

I am doing research on the motivation of entrepreneurs in South Africa. To collect enough data to evaluate this topic, you are asked to answer the questions on the questionnaire which was given below. This will help us to better understand the motivation factors of Entrepreneurs, and should take no more than 10 minutes of your time. Your participation is voluntary and you can withdraw at any time without penalty. Of course all data will be kept confidential. By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact Selim Kaymak or his supervisor. Their details are provided below.

Researcher name: M.Selim KAYMAK

E-mail: [kaymakselim@hotmail.com](mailto:kaymakselim@hotmail.com)

Phone: 079 496 83 48

Supervisor name: Prof. David Beaty

E-mail: [docbeaty@2btassociates.com](mailto:docbeaty@2btassociates.com)

**Questionnaire:**

Note: Please tick off the appropriate answer in the box.

**A) Category 1**

1) Are you still actively involved in managing the business?

Yes	1
No	2

2) How old is your business, in years?

3) Is your business based in Gauteng?

4) What is the annual revenue of your business, in Rand value?  **IF less than 10 Million annual revenue, CLOSE interview**

5) Your current business is which type? (You may circle more than one number.) **MMP**

Retailing	1
Wholesaling	2
Service	3
Manufacturing	4
<b>Agriculture</b>	5

**B) Category 2-a:**

6) How many employees do you currently employ excluding yourself?

**Close if more than 250 employees**

**Category 2-b**

7) Gender

Male	1
Female	2

8) Marital status

Married	1
Single	2
Divorced	3

9) How many individuals are dependent on you in terms of income?

10) How old are you?

11) What is the highest level of education you and your spouse completed?

(If unmarried, only circle the number in your column.)

YOU	YOUR SPOUSE	
1	1	NO FORMAL EDUCATION
2	2	SOME GRADE SCHOOL
3	3	COMPLETED GRADE SCHOOL
4	4	SOME HIGH SCHOOL
5	5	COMPLETED HIGH SCHOOL
6	6	SOME COLLEGE
7	7	COMPLETED COLLEGE
8	8	SOME GRADUATE WORK
9	9	A GRADUATE DEGREE

**C) Category 3:**

12) Listed below are some reasons you may have decided to own your own business. Please

Indicate whether you feel the reason was:

- 5 Extremely Important
- 4 Very Important
- 3 Mildly Important
- 2 Not Very Important
- 1 Unimportant

#	Possible reasons	(Please circle your answer.)				
1	To be my own boss.....	1	2	3	4	5
2	To be able to use my past experience and training....	1	2	3	4	5
3	To prove I can do it.....	1	2	3	4	5
4	To increase my income.....	1	2	3	4	5
5	To gain public recognition.....	1	2	3	4	5
6	To provide jobs for family members.....	1	2	3	4	5
7	For my own satisfaction and growth.....	1	2	3	4	5
8	So I will always have job security.....	1	2	3	4	5
9	To build a business to pass on.....	1	2	3	4	5
10	To maintain my personal freedom.....	1	2	3	4	5
11	To be closer to my family.....	1	2	3	4	5

Describe if there is any other reason:

12 \_\_\_\_\_ 1 2 3 4 5

**-Thank you for participating in this research. Have a nice day-**