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Need for Achievement an Antecedent for Risk Adaptiveness Among Entrepreneurs

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Keywords : Risk Adaptiveness, Need for Achievement, Entrepreneurs.

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Need for Achievement an Antecedent for Risk Adaptiveness Among Entrepreneurs

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Abstract - The research presents a descriptive study with empirical evidence which enquired the association between need for achievement and risk Adaptiveness among entrepreneurs. Study explores the fact, how need for achievement appetite ignites the desire for risk taking among entrepreneurs. For the purpose of survey a sample of 100 entrepreneurs, 50 each from small and large scale enterprises, were taken. Results of study exhibited that need for achievement was major factor to influence the degree of risk Adaptiveness among entrepreneurs. Mean value for Risk Adaptiveness among small scale entrepreneurs was ($M = 14.86$) whereas for large scale entrepreneurs was ($M = 22.68$). It was clear from the mean value of Risk Adaptiveness that the large scale entrepreneurs were more adaptive to the risk in comparison to small scale entrepreneurs. These findings have also been supported by the t value ($t = 9.391, p < 0.01$). The mean score of need for achievement among small scale entrepreneurs ($M = 26.78$) was less than the mean score of large scale entrepreneurs ($M = 36.18$) which shows that small scale entrepreneurs has lesser degree for need for achievement in comparison to large scale entrepreneurs. These findings were also supported by t value ($t = 5.478, p < 0.01$). The correlation between two variables of risk Adaptiveness and need for achievement for small scale entrepreneurs was ($r = .421, p < 0.405$), which shows a positive but non-significant relationship between risk Adaptiveness and need for achievement among small scale entrepreneurs. This positive and non-significant correlation was also approved by the F value ($F = .552, p < 0.743$). Whereas the correlation value between risk Adaptiveness and need for achievement among large scale entrepreneurs was ($r = 0.687, p < 0.316$) which have shown a positive and high degree of correlation between risk Adaptiveness and need for achievement. The values were also supported by the F value ($F = 0.576, p < 0.759$).

Keywords : Risk Adaptiveness, Need for Achievement, Entrepreneurs.

I. INTRODUCTION

a) Risk Adaptiveness

Risk is a state of mind developed by the situation, when something valuable is on stake in a challenging and uncertain environment. Risk inducing situations or circumstances are resultant of combined feeling of fear, excitement, uncertainty, insecurity, danger, threat, pressure and expectation for loss. There are various factors, circumstances,

situations, duties, responsibilities and events which can induce different type of risks in day to day work life. Risk is an uncertain event or condition, if occurs, has a positive or negative consequential effect on individual. The degree of risk in individual's work life may differ but no one can be identified and specified as a person, working in a risk free environment. A businessman's or entrepreneur's work life is always full of different kind of risks. One of the definitions of business is "the process of taking risk and converting it into profit". Or simply, "logical and rational risk in business is equal to profit". One of the prime and important characteristics of entrepreneur is 'Risk Taker'. Relationship of risk and entrepreneur is always positive and very significant. Without risk, business is not possible; starting from the commencement of business to the reception of profit (dividend), every moment of business is full of risk creating circumstances. So for the successful establishment, conduction and management of the business, an entrepreneur should be adaptable to risk. In other words, an entrepreneur should have a strong trait of 'Risk Adaptiveness'. Risk Adaptiveness may be defined as the psychological trait which empowers entrepreneurs to remain least affected by the negative consequential effects of the risk taking in business. It may also be explained as the effectiveness and capability of an entrepreneur by virtue of which entrepreneur is rationally affected by the resulting negative elements of risk taking such as fear, excitement, uncertainty, insecurity, danger, threat, pressure and expectation for loss.

b) Need for Achievement

A human being is considered to be in the state of needlessness/equilibrium when feeling satisfied and has no urge/desire. In other words human need is considered as a psychologically and biologically disturbed state of individual. This disturbance may happen because of internal urge, dissatisfaction, and deficiency or external environmental stimulus. If a person is feeling hungry, this is an internal urge, which is forces the organism to feel the need for food. On the other hand, if the environmental temperature has gone very low, then this external environmental stimulus will force the individual to feel the need of warm cloths. Once there is need, individual will try to achieve its consequential satisfaction. In childhood, human needs are taken care by the family and society but during

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adulthood individual has to manage the satisfaction of the needs by individual's personal efforts.

David McClelland (1961) and his associates have proposed McClelland's Theory of Needs/Achievement Motivation Theory. This theory states that human behavior is affected by three needs – Need for Power, Achievement and Affiliation. Need for achievement is the urge to excel, to accomplish in relation to a set of standards, to struggle for success. Need for power is the desire to influence others behavior as per personal wish. In other words, it is the desire to have control over others and to be influential. Need for affiliation is a need for open and sociable interpersonal relationships. It is a desire for relationship based on co-operation and mutual understanding.

The individuals with high achievement needs are highly motivated by competing and challenging work such as business and entrepreneurship. They look for promotional opportunities. They have a strong urge for feedback on their achievement (McClelland, 1961). Such individuals try to get satisfaction in performing things better. High achievement is directly related to high performance. McClelland called such individuals as gamblers (risk takers) as they set challenging targets in unforeseen circumstances for themselves and they take deliberate risk to achieve those set targets. Such individuals look for innovative ways of performing job. They perceive achievement of goals as a reward, and value it more than a financial reward. The individuals who are motivated by power have a strong urge to be influential and controlling. They want their views and ideas should dominate and thus, they want to lead. Such individuals are motivated by need for reputation and self-esteem. Individuals with greater power and authority will perform better than those possessing less power. The individuals who are motivated by affiliation have an urge for a friendly and supportive environment. Such individuals are effective performers in a team. These people want to be liked by others.

If we compare the characteristics of an entrepreneur especially with reference to risk adaptiveness and various elements of need for affiliation, power and achievement, there are lot of commonness, similarities and resemblances such as desire for high achievement, high performance, ready to accept challenges in unforeseen circumstances, interested to take deliberate risk and working with innovative ways. The similarities and resemblances of such psychological traits ignite the desire to find out the relationship among the very dominating traits of risk adaptiveness and need for achievement in entrepreneurs.

II. REVIEW OF LITERATURE

Connie Irne Reimers-Hild (2005), this study tested a theoretical framework designed to examine the

characteristics of adult distance learners through the lens of entrepreneurship. The proposed framework suggested a relationship between entrepreneurial personality, determined by the combined score of locus of control, need for achievement and risk taking propensity, and success (cumulative grade point average) and persistence (number of credit hours completed via distance) in the academic environment. The variables of gender and age and the moderating variables of personal fulfillment, professional/career advancement and pleasing someone other than self were also studied. Simple linear regression revealed that there was not a statistically significant relationship between entrepreneurial personality and success ($N = 310$) or persistence ($N = 342$). Multiple regression analysis determined that locus of control, need for achievement and risk taking propensity did not have statistically significant relationships with success or persistence. Simple linear regression analysis determined that there were statistically significant differences between age, locus of control and risk taking propensity ($N = 343$). There were no statistically significant relationship between age and entrepreneurial personality or need for achievement. An independent t-test revealed significant differences in the score of entrepreneurial personality, locus of control and risk taking propensity for females ($N = 204$) and males ($N = 137$). No statistically significant differences were observed in need for achievement scores for female and male participants.

Touche, JohnC.; Villemez, Wayne J., (1975) conducted an experiment with 95 college students. To clarify the role of attribution processes in achievement behavior, the effects of self-rated task ability and effort or ability inducing task instructions were examined in a replication and extension of previous findings on achievement motivation and risk-taking preferences. Independent of need achievement, it was found that Ss low in task ability consistently selected more intermediate risks than high-ability Ss and a predicted 3-way interaction ($p < .001$) established that differences in risk taking preferences among low-need achievers were moderated by ability instructions, while differences among high-need achievers were moderated by effort instructions. The implications of the findings for previous studies on personality correlates of achievement motivation are discussed and it is proposed that self-Judgment of ability among high and low need achievers are determined by different attributional processes.

Shouming Chen, Xuemei Su, Sibin Wu (2012) Researchers examined which factor lead to entrepreneurial risk-taking behavior, using the 2 tests of entrepreneurial behavior theory (desirability and feasibility) to investigate how need for achievement and education interact to influence risk-taking propensity. Using data collected from 230 nascent entrepreneurs in a mid-western state in the USA, researchers tested 2

hypotheses and found empirical evidence to support the 2 tests theory. The results showed that entrepreneurs with high need for achievement and who had received higher education were more willing to take risks than were entrepreneurs with low need for achievement and who had not received higher education.

Sibin Wu, Mathews, Grace k. Dagher, (2007) The purpose of the study is to employ the need theory to investigate whether a need for achievement has an effect on persistence behavior among entrepreneurs and whether a need for achievement and business goals interact to influence such persistence. A longitudinal study of nascent entrepreneurs was conducted by a field survey in a metropolitan area of a mid-western state in the USA. Logistic regression was used to test the hypotheses. Need for achievement is found to be positively related to entrepreneurial persistence. Business goals are found to moderate the relationship between need for achievement and persistence.

III. NEED FOR STUDY

Entrepreneurship includes a set of specific characteristics in which need for achievement and risk adaptiveness are prominent. Present study has investigated the relationship between risk adaptiveness and need for achievement among entrepreneurs. Before conducting this study an extensive literature survey was conducted to find out the related research work but no such study was found, especially with reference to Indian entrepreneurs work culture, conditions and context. So this study was planned. Findings of the study will support the researchers and managers to understand the basic relationship between the risk adaptiveness and need for achievement. These findings will further help the industry and academia to groom and develop efficient and effective entrepreneurs.

IV. OBJECTIVES OF STUDY

1. To find out the degree of need for achievement among entrepreneurs.
2. To evaluate the entrepreneurs for the magnitude of risk adaptiveness.
3. To find out the relationship between the variables of need for achievement, risk adaptiveness among entrepreneurs.

V. HYPOTHESIS

1. Effective entrepreneurs have high degree of need for achievement.
2. There is higher magnitude of risk adaptiveness among entrepreneurs.
3. There is positive association between need for achievement, risk adaptiveness and entrepreneurs.

VI. RESEARCH METHODOLOGY

Method & Sample : Total 100 subjects, 50 each from small and large scale industries (organizations) involved in the production of goods and services were chosen randomly on availability basis. Selected subjects were tested for their dimensions of need for achievement and risk adaptiveness. Entrepreneurs were tested by using questionnaire method and data was collected. Entrepreneurs were tested for risk adaptiveness and need for achievement by using Risk Adaptiveness Test (RAT) developed by Rishipal & Jain, N (2012) and Achievement Motive Test (AMT) developed by Bhargava, V.P. (1994). Collected data was arranged and presented in tabular form and analyzed by using SPSS software.

Tools : Following questionnaire based measuring scales were used to collect the data for Risk Adaptiveness and Need for Achievement from the selected sample of entrepreneurs:

- 1) Risk Adaptiveness Test (RAT) developed by Rishipal & Jain, N (2012) was used for risk adaptiveness. The reliability by Cronbach's alpha method for Risk Adaptiveness Test was found to be Cronbach's alpha $\alpha = 0.722$ (no. of items = 36) when tested on different type of samples.
- 2) Achievement Motive Test (AMT) developed by Bhargava, V.P. (1994) of need for achievement. The index of reliability of Need for Achievement was found $\alpha = 0.91$ and the value of validity index was 0.85.

Statistical Analysis : Statistical techniques such as mean, standard deviation, t-value, correlation (by using Karl Pearson) and F value etc. were found out by using the SPSS software to extract out various findings and results. For comparing the variables of need for achievement and risk adaptiveness Karl Pearson's coefficient of correlation was used. Findings of the results have been discussed in the light of existing literature.

VII. RESULTS AND DISCUSSION

Table: 1 shows the mean values for Risk Adaptiveness and Need for Achievement for small and large scale entrepreneurs. Mean value for Risk Adaptiveness among small scale entrepreneurs is 14.86 whereas for large scale entrepreneurs was 22.68. Higher the mean, higher the characteristics of Risk Adaptiveness. So, it is clear from the mean value of Risk Adaptiveness that the large scale entrepreneurs were more adaptive to the risk in comparison to small scale entrepreneurs.

Table 1 : Descriptive statistical values for Risk Adaptiveness and Need for Achievement among small and large scale entrepreneurs

Variables	Groups	N	Range	Mini.	Max.	Mean	Std. deviation	Std. Error
Risk Adaptiveness	Small Scale Entrepreneurs	50	18	4	22	14.86	5.28382	.74725
	Large Scale Entrepreneurs	50	23	3	26	22.68	2.59859	.36750
Need for Achievement	Small Scale Entrepreneurs	50	34	10	44	26.78	9.9863	1.41228
	Large Scale Entrepreneurs	50	24	23	47	36.18	6.89185	.97465

Table 2 : Independent two sample T test for comparing the mean score of small and large scale entrepreneurs for Risk Adaptiveness and Need for Achievement.

Variables	t	Df	significance	95% confidence interval of the difference	
				Lower	Upper
Risk Adaptiveness	9.391	98	.001	12.80	5.99476
Need for Achievement	5.478	98	.001	9.4725	6.1674

The findings that large scale entrepreneurs were more adaptive to the risk taking has also been supported by the findings of t values ($t = 9.391$, $p < .01$) exhibited in the Table (2). The t value has clearly shown that there was significant difference in the mean value of small and large scale entrepreneurs. The higher tendency of risk adaptiveness among large scale entrepreneurs might be because they are experienced, well exposed to various type of challenging situations and also having better and ample resources and support for the conduction of business. Carmen P. & Ramona, C. (2012) have revealed that it is very fruitful to consider the inclination towards risk taking as a determinant of the need for achievement.

The mean score of need for achievement among small scale entrepreneurs ($M = 26.78$) was less than the mean score of large scale entrepreneurs ($M =$

36.18) which shows that small scale entrepreneurs might be having lesser degree of need for achievement in comparison to large scale entrepreneurs. The t value ($t = 5.478$, $p < .01$) shown in the table (2) has also supported the results displayed in Table (1) as its p value is less than 0.05 which means that there was significant difference between mean of small and large scale entrepreneurs. The lower degree of need for achievement among small scale entrepreneurs might be the result of limited exposure, fearsome mental state and unavailability of resources. The study of Chen, Shouming; Su, Xuemei; Wu, Sibin (2012) has shown that entrepreneurs with high need for achievement and who had received higher education were more willing to take risk than were entrepreneurs with low need for achievement and who had not received higher education.

Table 3 : The Correlation between Risk Adaptiveness and Need for Achievement among small and large scale entrepreneurs.

Groups	Correlation	Significance
Small Scale Entrepreneurs	.421	.405
Large Scale Entrepreneurs	.687	.316

Table 4 : The F value to analyze the variance of Risk Adaptiveness and Need for Achievement among small and large scale entrepreneurs.

Groups	Extraction sums of squared loadings		df	Sig.
	Total	% of variance		
Small Scale Entrepreneurs	1.103	55.2	49	.743
Large Scale Entrepreneurs	1.153	57.6	49	.759

Table (3) depicts the values for correlation between risk adaptiveness and need for achievement

among small scale entrepreneurs and large scale entrepreneurs. The correlation between two variables of

risk adaptiveness and need for achievement for small scale entrepreneurs was $r = .421$, $p < 0.405$. The value of correlation ($r = 0.421$, $p < 0.405$) has shown a positive but non-significant relationship between risk adaptiveness and need for achievement among small scale entrepreneurs. This positive and non-significant correlation was also supported by the F value ($F = 0.552$, $p < 0.743$) shown in Table (4). Most of the time small scale entrepreneurs are beginners so they might not be having requisite capability, potential, experience and exposure for the management of resources, and conduction of the business. Therefore the small scale entrepreneurs might have shown a slight positive but not a very high degree of significant co-relationship between risk adaptiveness and need for achievement. This finding may also be interpreted as, the small scale entrepreneurs might have shown high degree of need for achievement but they were not adaptive to the risk taking, being fearful of challenging, uncertain and unknown forthcoming business environment.

Whereas the correlation value between risk adaptiveness and need for achievement among large scale entrepreneurs was $r = 0.687$, $p < 0.316$. The value of correlation has shown a positive and high degree of correlation between risk adaptiveness and need for achievement among large scale entrepreneurs. The values have also been supported by the F value ($F = 0.576$, $p < 0.759$) displayed in Table (4). Large scale entrepreneurs have ample experience, exposure, resources, opportunities and expertise to invest. So, they might be having high degree of need for achievement and are ready to take risk. According to Christopher J. Collins, Paul J. Hanges & Edwin A. Locke (2004) achievement motivation was significantly correlated with both choice of an entrepreneurial carrier and entrepreneurial performance.

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