ISSN:0971-1260
Vol-22-Issue-10-November-2019

A Study on the Motivational Factors and Financial Challenges Faced by the Entrepreneurs in Ernakulam District

Aswathy K.J. Assistant professor,
St. Albert's College (Autonomous),
Ernakulam
Jismi Treesa P.J, Assistant Professor,
St, Xavier's College for women,
Aluva

ABSRACT

New ventures play an important role in all economies of the world. Their importance can be described in terms of employment generation, stimulating growth, contribution to GDP, income generation and improving the standard of living. To get a life for new ventures, finance is an inevitable element. However, access to finance is an important problem the entrepreneurs face today. Lack of access to finance act as an important constraints for new ventures. Banks, the important lender of the nation shows a great hesitation in lending to new ventures. High interest rate and procedural formalities are some of the problems faced by the entrepreneurs. Besides these financial problems entrepreneurs face many other difficulties including workforce related issues, technical issues, production related issues and also legal matters. Since finance is the lifeblood of business and it is an important element for a business to get started, financial access problems of entrepreneurs is considered as the area of concern for the purpose of carrying out this study. Though finance act as a major constraint, entrepreneurs seems to be highly motivated due to certain factors. It can be both internal as well as external factors. So it is also important to study about those factors which generate a motivation to the entrepreneurs amidst of this financial contingency. So this study is undertaken to understand the financial issues including the factors which restrain them from access to finance such as problem of getting loans, repayments schedule etc. and also the motivating factors. Entrepreneurs are needed for the society to increase the economic value and also to provide job to youngsters. Motivation cannot lead them to a great success. Motivated minds along with sufficient financial assistance can create wonders in the form of ventures.

Keywords: Motivated entrepreneurs, financial access, repayment schedule, financial assistance, workforces

1. INTRODUCTION

Starting a business and becoming an entrepreneur is exciting and also terrifying. An entrepreneur is a person who finds out and evaluates a new situation in his environment and directs the making of such adjustments in the economic system. He always searches for change, responds to it and exploits it as an opportunity. Innovation is the specific tool of entrepreneurs. An entrepreneur is one who organizes and operates a business venture. The intensity of the challenge to promote an entrepreneurship culture will develop a growth oriented economic culture in the country.
While starting a new business entrepreneurs face so many challenges; such as lack of capital, instability, stress, overwhelming feelings, lack of support, problems of raw material, problems relating to marketing, lack of infrastructural facilities, lack of skilled labours etc. In order to conduct an efficient business an entrepreneur must overcome all these challenges. In the present study, by entrepreneur we mean the owner of an industrial unit. The proprietor of a single

ISSN:0971-1260
Vol-22-Issue-10-November-2019

proprietorship, the managing partner of a partnership, the key promoters of a private limited company are considered entrepreneurs for the purpose of this study. There are virtually no big units (public limited companies) among the small- scale entrepreneurs under study. Entrepreneurs are needed for the society to increase the economic value and also to provide job to youngsters. Motivation cannot lead them to a great success. Motivated minds along with sufficient financial assistance can create wonders in the form of ventures. Motivation refers to state within a person that drives behavior towards some goal.

2. STATEMENT OF THE PROBLEM

Many businesses start with a great hope. The man behind the curtain will be very hardworking and innovative along with a sound concept. But even the promising entrepreneurs with great ideas fail, often within the first year or two, mainly because of the financial challenges they commonly face. Do many of the new entrepreneurs are aware of the financial pitfalls, they are highly motivated too. So it is very important to overcome the financial challenges and for this it is very essential to understand the important financial problems along with the motivational factors. 2017 and the Impact of entrepreneurs‟ motivation is a widely known topic in developed.

3. OBJECTIVES

- To understand the difficulties faced by the entrepreneurs.
- To identify the factors which motivates the entrepreneurs.
- To understand the relationship between the motivating factors and difficulties.

4. METHODOLOGY

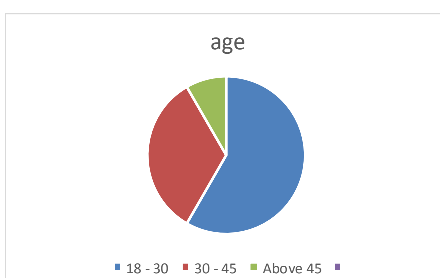
The study is based on primary and secondary data. The primary data was collected by using questionnaire; it was distributed among 60 entrepreneurs residing in Ernakulam district. The respondents are selected randomly. Secondary data required for this study were collected from various books and publications related to the topic under study.

5. LIMITATION

- Data was only collected from few entrepreneurs in Ernakulam. Sample size was limited to 60.
- Many psychological and economic aspects were ignored.
- The study is completed within a short span of time using limited resources.

6. DATA ANALYSIS AND INTERPRETATION

AGE



ISSN:0971-1260
Vol-22-Issue-10-November-2019

FIG NO 1

INTERPRETATION

Out of the respondents about 58% of the respondents are in the age group of 18-30. It means that half of the entrepreneurs of this survey are youth. 33 % falls under the category 30-45 age and the rest ie, only 8% are above 45 years.

GENDER

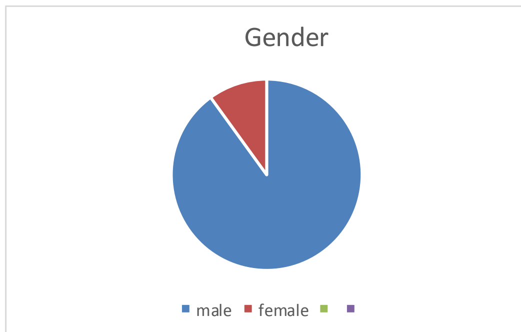


FIG NO 2

INTERPRETATION

90 % of the respondents are male. From this we can easily say that most of the entrepreneurs are male because may be because males are more ready to take risk when compared with females**.**

MONTHLY INCOME

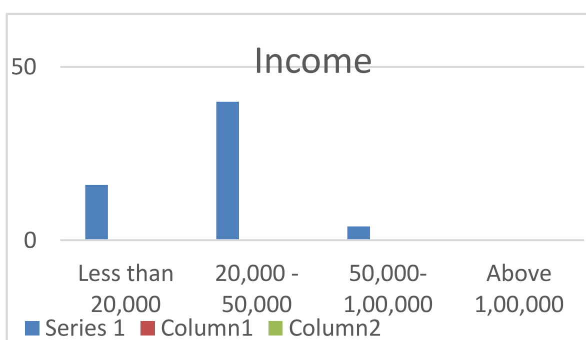


FIG NO 3

INTERPRETATION

Out of the 60 respondents, 40 respondents have the income between 20,000 and 50,000. It should be also noted that no entrepreneur is having an income above Rs.1,00,000 in a month. We can say that entrepreneurs are getting a stable income and not much huge.

MARITAL STATUS

ISSN:0971-1260
Vol-22-Issue-10-November-2019

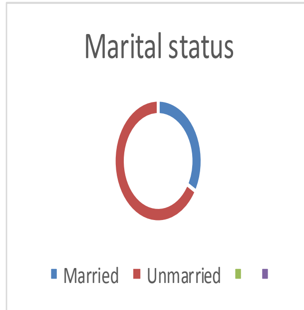


FIG NO 4

INTERPRETATION

67 % of the respondents are unmarried. This is because most of the respondents to the questionnaire are youth. And only 33% are married entrepreneurs**.**

EDUCATION

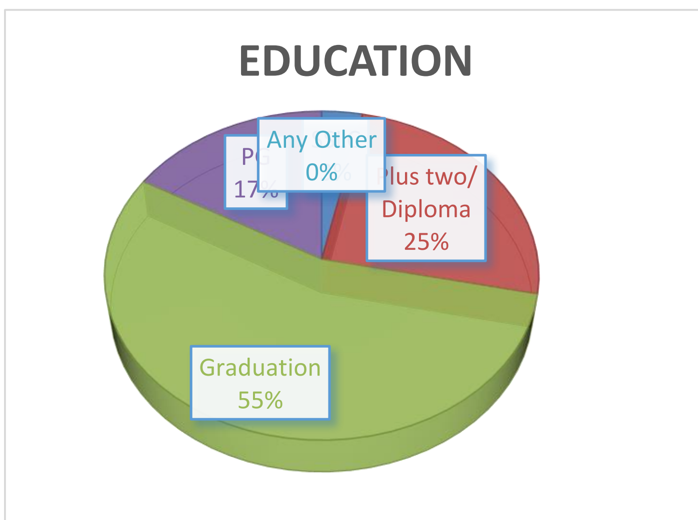


FIG NO 5

INTERPRETATION

55 % of the respondents choose entrepreneurship as their career after the completion of their graduation. 17% after their PG and 25 % after diploma or higher secondary schooling. It means that most of the entrepreneurs are educated and has the basic idea or knowledge of doing a business. Or in other words entrepreneurs are literate.

WHEN DID YOU START BUSINESS?

ISSN:0971-1260
Vol-22-Issue-10-November-2019

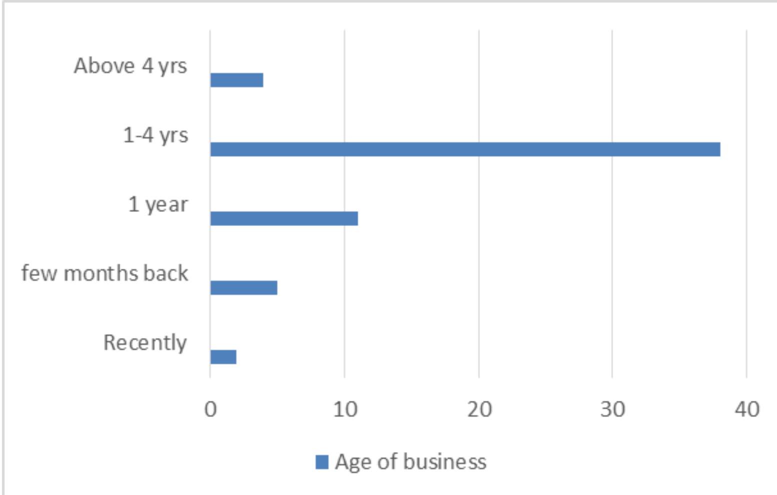


FIG NO 6

INTERPRETATION

Most of the respondents ie, 38 respondents had their business aging in between 1 to 4 years. 11 out of 60 respondents had started their business one year back and only few ie, 2 respondents had started their business recently.

FINANCIAL ASSISTANCE FROM GOVERNMENT

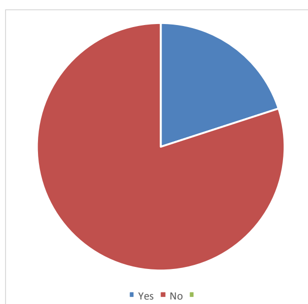


FIG NO 7

INTERPRETATION

80% of the respondents didn’t received financial assistance from government, they procured finance from other sources and 20% got the assistance from government in the form of MUDRA loans etc.

DIFFICULTY FACED

PROBLEM	RANK 1	RANK 2	RANK 3	RANK 4
i. Low personal capital	42			
ii. Lack of networking				50
iii. Lack of confidence of lenders		36		
iv. Age discrimination			35	

TABLE NO 1

INTERPRETATION

ISSN:0971-1260
Vol-22-Issue-10-November-2019

Based on the difficulties faced by entrepreneurs, Low personal capital is the most important problem faced by the entrepreneurs as it is ranked1 followed by poor confidence of lenders. And 35 respondents marked age discrimination as the third important difficulty. When compared with other factors, networking was not considered as a major difficulty by the entrepreneurs.

REASON FOR STARTING BUSINESS

REASON	FREQUENCY
a) Profit/ reasonable living	15
b) Good public image	8
c) Job security	2
d) Oppurtunities in the market	24
e) Desire	11
Total	60

TABLE NO 2

INTERPRETATION

The table above shows that opportunities in the market was the main reason for starting the business. 24 respondents out of 60 had started the business because of the great opportunities prevailing in the market. The second important reason for starting the business is profit. 15 respondents marked profit as the main motivating factor or reason for starting the business. It was followed by desire. 11 respondents marked desire as the reason and least believe that job security is the reason.

OTHER REASONS

	SD	D	N	SA	A
a) I want to be my own boss	2	3	5	45	5
b) I had a strong intention to start my own business after completion of my studies	5	15	25	9	6
c) I prefer to be an entrepreneur rather than to be an employee in a company	1	5	20	30	4
d) To follow the example of someone that I admired	10	40	5	0	5
e) To use the skills learned in the college/ university	9	25	15	1	10
f) I am an entrepreneur because of my entrepreneurial family culture	40	15	0	5	0
g) For my own satisfaction and growth	0	2	16	10	32

INTERPRETATION

In other reasons, 45 respondents strongly agree that they want to be their own boss and that’s why they had started the business. 25 respondents is neutral to the statement that they had strong intention to start the business.30 strongly agrees that they prefer to be an entrepreneur rather than to be an employee. 40 of the respondents strongly disagree that they became an entrepreneur because of their family background. And 32 agree that they started business for their satisfaction and

ISSN:0971-1260
Vol-22-Issue-10-November-2019

growth. From this statements we can say that majority want to be their own boss i.e., they doesn't want to be employed in a company. Instead they want to be an employer.

7. FINDINGS AND SUGGESTIONS

- Out of the 60 respondents, majority were male.
- Majority of the entrepreneurs are youth and unmarried.
- Most of them had started their business without getting financial assistance from the government.
- Amongst the difficulties faced, lack of capital was the major constraint or problem. And the second important issue was poor confidence of the lenders and age discrimination was also an obstacle. Since the entrepreneurs are youth, confidence of the lenders will be much low when compared with any other category.
- Even amidst of all these difficulties many are motivated to become an entrepreneur because of the great oppurtunities in the market
- Many are attracted to entrepreneurship because they can become their own boss and they can employ others rather than getting employed.

8. CONCLUSIONS

From this study we can say that youth is highly motivated to entrepreneurship because of the reason that market is too wide and open. Market oppurtunities are more today, the only thing an entrepreneur has to do is , develop a sound and novel idea for the market and procure a good source of finance as well as a good team to work with. Financial assistance by government should be also increased, thus more motivated youth can get into the field and can develop better products which serves the needs of the society.

9. REFERENCE

[1] Essa Eshag, Emad aldeen and Ibrahim, Siddig Balal (2018), "Motivation to Become Entrepreneurs: An Exploratory Study", Journal of Economic and Management Sciences, Volume 19(1) 2018.
[2] Jayachandra, B.S (2015), "Entrepreneurial motivation: a conceptual analysis".
[3] Roudaki, Jamal (2010), "Entrepreneurship barrier and motivations: Perception of Lincoln university commerce students", Volume 18(1)August 2010.
[4] Wu,S., (2004), Nascent entrepreneurs : Motivation, aspiration and opportunity research, Ph.D Dissertation, The University of Wisconsin - Milwaukee.
[5] www.googlescholar.com