

1 Need for Achievement an Antecedent for Risk Adaptiveness 2 Among Entrepreneurs

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6 **Abstract**

7 The research presents a descriptive study with empirical evidence which enquired the
8 association between need for achievement and risk Adaptiveness among entrepreneurs. Study
9 explores the fact, how need for achievement appetite ignites the desire for risk taking among
10 entrepreneurs. For the purpose of survey a sample of 100 entrepreneurs, 50 each from small
11 and large scale enterprises, were taken. Results of study exhibited that need for achievement
12 was major factor to influence the degree of risk Adaptiveness among entrepreneurs. Mean
13 value for Risk Adaptiveness among small scale entrepreneurs was ($M = 14.86$) whereas for
14 large scale entrepreneurs was ($M = 22.68$). It was clear from the mean value of Risk
15 Adaptiveness that the large scale entrepreneurs were more adaptive to the risk in comparison
16 to small scale entrepreneurs. These findings have also been supported by the t value ($t =$
17 9.391 , $p < 0.01$).

19
20 **Index terms**— Risk Adaptiveness, Need for Achievement, Entrepreneurs.

21 **1 Introduction a) Risk Adaptiveness**

22 Risk is a state of mind developed by the situation, when something valuable is on stake in a challenging and
23 uncertain environment. Risk inducing situations or circumstances are resultant of combined feeling of fear,
24 excitement, uncertainty, insecurity, danger, threat, pressure and expectation for loss. There are various factors,
25 circumstances, Author : Indus Institute of Engineering & Technology, Jind (affiliated to Kurukshetra University
26 Kurukshetra). E-mail : rishipalanand@gmail.com situations, duties, responsibilities and events which can induce
27 different type of risks in day to day work life. Risk is an uncertain event or condition, if occurs, has a positive or
28 negative consequential effect on individual. The degree of risk in individual's work life may differ but no one can
29 be identified and specified as a person, working in a risk free environment. A businessman's or entrepreneur's
30 work life is always full of different kind of risks. One of the definitions of business is "the process of taking risk
31 and converting it into profit". Or simply, "logical and rational risk in business is equal to profit". One of the prime
32 and important characteristics of entrepreneur is 'Risk Taker' . Relationship of risk and entrepreneur is always
33 positive and very significant. Without risk, business is not possible; starting from the commencement of business
34 to the reception of profit (dividend), every moment of business is full of risk creating circumstances. So for
35 the successful establishment, conduction and management of the business, an entrepreneur should be adaptable
36 to risk. In other words, an entrepreneur should have a strong trait of 'Risk Adaptiveness'. Risk Adaptiveness
37 may be defined as the psychological trait which empowers entrepreneurs to remain least affected by the negative
38 consequential effects of the risk taking in business. It may also be explained as the effectiveness and capability of
39 an entrepreneur by virtue of which entrepreneur is rationally affected by the resulting negative elements of risk
40 taking such as fear, excitement, uncertainty, insecurity, danger, threat, pressure and expectation for loss.

41 A human being is considered to be in the state of needlessness/equilibrium when feeling satisfied and has no
42 urge/desire. In other words human need is considered as a psychologically and biologically disturbed state of
43 individual. This disturbance may happen because of internal urge, dissatisfaction, and deficiency or external

2 REVIEW OF LITERATURE

44 environmental stimulus. If a person is feeling hungry, this is an internal urge, which is forces the organism
45 to feel the need for food. On the other hand, if the environmental temperature has gone very low, then this
46 external environmental stimulus will force the individual to feel the need of warm cloths. Once there is need,
47 individual will try to achieve its consequential satisfaction. In childhood, human needs are taken care by the
48 family and society but during David McClelland (1961) and his associates have proposed McClelland's Theory of
49 Needs/Achievement Motivation Theory. This theory states that human behavior is affected by three needs -Need
50 for Power, Achievement and Affiliation. Need for achievement is the urge to excel, to accomplish in relation to a
51 set of standards, to struggle for success. Need for power is the desire to influence others behavior as per personal
52 wish. In other words, it is the desire to have control over others and to be influential. Need for affiliation is a
53 need for open and sociable interpersonal relationships. It is a desire for relationship based on cooperation and
54 mutual understanding.

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

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

73 2 Review of Literature

74 Connie Irne Reimers-Hild (2005), this study tested a theoretical framework designed to examine the characteristics
75 of adult distance learners through the lens of entrepreneurship. The proposed framework suggested a relationship
76 between entrepreneurial personality, determined by the combined score of locus of control, need for achievement
77 and risk taking propensity, and success (cumulative grade point average) and persistence (number of credit hours
78 completed via distance) in the academic environment. The variables of gender and age and the moderating
79 variables of personal fulfillment, professional/career advancement and pleasing someone other than self were also
80 studied. Simple linear regression revealed that there was not a statistically significant relationship between
81 entrepreneurial personality and success ($N = 310$) or persistence ($N = 342$). Multiple regression analysis
82 determined that locus of control, need for achievement and risk taking propensity did not have statistically
83 significant relationships with success or persistence. Simple linear regression analysis determined that there were
84 statistically significant differences between age, locus of control and risk taking propensity ($N = 343$). There
85 were no statistically significant relationship between age and entrepreneurial personality or need for achievement.
86 An independent t-test revealed significant differences in the score of entrepreneurial personality, locus of control
87 and risk taking propensity for females ($N = 204$) and males ($N = 137$). No statistically significant differences
88 were observed in need for achievement scores for female and male participants. Touhey, JohnC.; Villemez,
89 Wayne J., (1975) conducted an experiment with 95 college students. To clarify the role of attribution processes
90 in achievement behavior, the effects of self-rated task ability and effort or ability inducing task instructions
91 were examined in a replication and extension of previous findings on achievement motivation and risk-taking
92 preferences. Independent of need achievement, it was found that Ss low in task ability consistently selected more
93 intermediate risks than high-ability Ss and a predicted 3way interaction ($p < .001$) established that differences in
94 risk taking preferences among low-need achievers were moderated by ability instructions, while differences among
95 high-need achievers were moderated by effort instructions. The implications of the findings for previous studies
96 on personality correlates of achievement motivation are discussed and it is proposed that self-Judgment of ability
97 among high and low need achievers are determined by different attributional processes.

98 Shouming Researchers examined which factor lead to II.

99 hypotheses and found empirical evidence to support the 2 tests theory. The results showed that entrepreneurs
100 with high need for achievement and who had received higher education were more willing to take risks than were
101 entrepreneurs with low need for achievement and who had not received higher education. Sibin Wu, Mathews,
102 Grace k. Dagher, (2007) The purpose of the study is to employ the need theory to investigate whether a need for
103 achievement has an effect on persistence behavior among entrepreneurs and whether a need for achievement and
104 business goals interact to influence such persistence. A longitudinal study of nascent entrepreneurs was conducted
105 by a field survey in a metropolitan area of a mid-western state in the USA. Logistic regression was used to test

106 the hypotheses. Need for achievement is found to be positively related to entrepreneurial persistence. Business
107 goals are found to moderate the relationship between need for achievement and persistence.

108 **3 Need for Study**

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

116 **4 Objectives of Study**

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

120 **5 Hypothesis**

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

124 **6 Research Methodology**

125 Method & Sample : Total 100 subjects, 50 each from small and large scale industries (organizations) involved in
126 the production of goods and services were chosen randomly on availability basis. Selected subjects were tested for
127 their dimensions of need for achievement and risk adaptiveness. Entrepreneurs were tested by using questionnaire
128 method and data was collected. Entrepreneurs were tested for risk adaptiveness and need for achievement by
129 using

130 **7 Results and Discussion**

131 Table ?? 1 shows the mean values for Risk Adaptiveness and Need for Achievement for small and large scale
132 entrepreneurs. Mean value for Risk Adaptiveness among small scale entrepreneurs is 14.86 whereas for large
133 scale entrepreneurs was 22.68. Higher the mean, higher the characteristics of Risk Adaptiveness. So, it is clear
134 from the mean value of Risk Adaptiveness that the large scale entrepreneurs were more adaptive to the risk in
135 comparison to small scale entrepreneurs. The findings that large scale entrepreneurs were more adaptive to the
136 risk taking has also been supported by the findings of t values ($t = 9.391, p < .01$) exhibited in the Table (2).
137 The t value has clearly shown that there was significant difference in the mean value of small and large scale
138 entrepreneurs. The higher tendency of risk adaptiveness among large scale entrepreneurs might be because they
139 are experienced, well exposed to various type of challenging situations and also having better and ample resources
140 and support for the conduction of business. Carmen P. & Ramona, C. (2012) have revealed that it is very fruitful
141 to consider the inclination towards risk taking as a determinant of the need for achievement.

142 **8 Global**

143 The mean score of need for achievement among small scale entrepreneurs ($M = 26.78$) was less than the mean
144 score of large scale entrepreneurs ($M = 36.18$) which shows that small scale entrepreneurs might be having lesser
145 degree of need for achievement in comparison to large scale entrepreneurs. The t value ($t = 5.478, p < .01$) shown
146 in the table (2) has also supported the results displayed in Table (1) as its p value is less than 0.05 which means
147 that there was significant difference between mean of small and large scale entrepreneurs. The lower degree of
148 need for achievement among small scale entrepreneurs might be the result of limited exposure, fearsome mental
149 state and unavailability of resources. The study of Chen, Shouming; Su, Xuemei; Wu, Sibin (2012) has shown
150 that entrepreneurs with high need for achievement and who had received higher education were more willing to
151 take risk than were entrepreneurs with low need for achievement and who had not received higher education.

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Figure 1: Global

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[Note: Chen, Xuemei Su, Sibin 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 ©2012 Global Journals Inc. (US)]

Figure 2:

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Variables	Groups	scale entrepreneurs						Std. deviation	Std. error
		N	Range	Mini.	Max.	Mean	Std.		
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	

Figure 3: Table 1 :

2

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

Figure 4: Table 2 :

3

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

Figure 5: Table 3 :

4

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

Figure 6: Table 4 :

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Figure 7: Table (3

153 risk adaptiveness and need for achievement for small scale entrepreneurs was $r = .421$, $p < 0.405$. The value of
154 correlation ($r = 0.421$, $p < 0.405$) has shown a positive but non-significant relationship between risk adaptiveness
155 and need for achievement among small scale entrepreneurs. This positive and non-significant correlation was also
156 supported by the F value ($F = 0.552$, $p < 0.743$) shown in Table (4). Most of the time small scale entrepreneurs
157 are beginners so they might Whereas the correlation value between risk adaptiveness and need for achievement
158 among large scale entrepreneurs was $r = 0.687$, $p < 0.316$. The value of correlation has shown a positive and
159 high degree of correlation between risk adaptiveness and need for achievement among large scale entrepreneurs.
160 The values have also been supported by the F value ($F = 0.576$, $p < 0.759$) displayed in Table (4). Large scale
161 entrepreneurs have ample experience, exposure, resources, opportunities and expertise to invest. So, they might
162 be having high degree of need for achievement and are ready to take risk. According to Christopher J. Collins,
163 Paul J. Hanges & Edwin A. Locke (2004) achievement motivation was significantly correlated with both choice
164 of an entrepreneurial carrier and entrepreneurial performance.

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