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## **The Influence of Achievement Motivation, Courage To Take Risks, And Entrepreneurial Commitment On Business Sustainability of Local Market Traders In Makassar City**

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**Abstract :** *This study aimed to investigate the influence of achievement motivation, courage to take risks, and entrepreneurial commitment on business sustainability of local market traders in Makassar City. The population in this study involved all traders of local markets in Makassar City, amounting to 20 markets that were registered officially in the Regional market Makassar Raya of Makassar City and spread in several sub-districts in Makassar City. The total sample size in this study was 120. The results of this study indicate that achievement motivation and entrepreneurial commitment had a positive and significant influence on business sustainability, while courage to take risks had a negative and significant influence on business sustainability of local market traders in Makassar City.*

**Keywords :** *Achievement Motivation, courage to take risks, entrepreneurial commitment, business sustainability*

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### **I. Introduction**

The informal sector has a strategic role in economic development, especially in overcoming poverty and unemployment. This is also related to the role of entrepreneurship education in the informal sector through the transformation of entrepreneurial values and characters in business activities. The informal sector is dominated by micro, small and medium enterprises. Some research results show that business in the informal sector is dominated by actors in micro, small and medium enterprises, both in developing countries and in developed countries (Bhatt, 2006, Bhowmik, 2007, Charmes, 1998, Cross, 2000, Cross and Morales, 2007; Das, 2003; Gurtoo and Williams; 2009; Unni and Rani; 2003; Llanes and Barbour; 2007; Schneider and Williams, 2013; Small Business Council, 2004; Venkatesh, 2006; Webb et al. , 2009; and Williams, 2006, 2009a, b, c, 2010).

Although informal sector has a strategic role in economic development, this sector still has a wide range of problems, especially because it still tends to be subsistent (Castells and Portes, 1989; Gallin, 2001; Lagos, 1995; Maldonado 1995). One aspect worth putting forward to overcome this is entrepreneurship education implemented in family environment. According to Bhowmik (2007), entrepreneurship education in informal sector in family is the single most effective way for families and their businesses to survive.

As the first and foremost transformation in education, family has a major task in laying the groundwork for education and way of life. It is said "first" because family is the place where a child first gets an education. On the other hand, it is "foremost" because almost all of the initial education received by a child comes from his/her family. Therefore, family is the oldest educational institution, which is informal and natural. The task of family, especially parents is to lay the groundwork for the next development of a child so that he/she can develop well.

One of the informal sectors that became the focus of this study was family business sustainability of local market traders in Makassar City. The study of entrepreneurial behavior on local market traders is a very important asset in business development, in addition to other factors that are expected to provide information about the impact of the educational process and entrepreneurial behavior on business sustainability of local market traders in Makassar City. In addition, internal factors such as education level, entrepreneurship experience, desire to move forward, age, gender, and training, and external factors such as government, private sector and traders associations/ organizations will also influence the success of local market traders.

In a reality seen in the interaction process of entrepreneurial transformation from the traders' to their children or other family members, there are some conditions that become phenomena; the market traders expect and try to make their children or other family members able to help build and develop the business they run so that it can survive and/or be more successful than it already is. However, in reality, the children are unable or unwilling to meet the expectations of their parents with a variety of reasons, such as not wanting to be like their parents who became a trader that they consider a less promising job, and assuming that other professions besides being a trader are more promising, such as being a civil servant and a private employee or running another business other than that run by their parents. This indicates that the market traders' family does not have enough work motivation to maintain and develop the sustainability of the business they run. Especially for the traders' children, this also indicates that entrepreneurship intention has not been well instilled in them. Entrepreneurship intention can be interpreted as a process of seeking information that can be used to achieve the goal of forming a business (Katz and Gartner, 1988).

Business sustainability of local market traders is influenced by various factors, including achievement motivation, courage to take risks, and entrepreneurial commitment. Turner et al. (2009) who studied the effect of achievement motivation and self-efficacy on business performance found that achievement motivation and self-efficacy had an influence on business performance. Furthermore, Schindehutte et al. (2006) who studied achievement motivation, self-efficacy, and experience on business performance found that achievement motivation, self-efficacy, and experience had an influence on business performance. It is also in line with Kovacova's (2006) study that revealed a significant relationship between achievement motivation and self-efficacy. The results of Klandt's research (in Siu, et al, 2000) showed an influence of attitudes, behaviors, and achievement motivation on entrepreneurial commitment. These factors have played a vital role in realizing strong entrepreneurial commitment and perseverance to achieve goals. Meanwhile, Wong (in Man et al, 2005) suggests that: attitudes, behaviors, and achievement motivation can influence entrepreneurial commitment because of the social, cultural and economic influences that drive entrepreneurs through entrepreneurship-oriented activities to achieve social status and business success.

In relation to the courage to take risks, the results of Gustiana' (2013) study concludes that the aspect of courage to face risks had a significant effect on and has a positive relationship to the success of a business. In line with this study, Syarafah (2012) also concluded that the courage to face risks had a positive influence on the success of SMEs actors. Based on the results of these studies, it can be concluded that the sustainability of a business is also determined by the courage of entrepreneurs in facing risks. The more courageous a business actor is in facing risks, the more likely performance and business sustainability are to be achieved. Suryana (2003) argues that risk taking is related to self-confidence. She adds that the greater a person's belief in his own ability is, the greater the person's belief in his/her ability to influence results and decisions is, and the greater the person's willingness is to do what others consider a risk.

Another aspect that affects business sustainability is entrepreneurial commitment. Terziovski (2009) argues that commitment is a very important factor in achieving performance and competitiveness. Mostafa (2006) showed that commitment has a strong influence on business performance. Subhash (2007) who investigated the influence of self-esteem and entrepreneurial commitment on performance found that entrepreneurial commitment and self-esteem have an influence on performance. Similarly, Shueh-Chin Ting, et al. (2007) who studied the influence of entrepreneurial commitment of opportunistic and consequent entrepreneurs on performance found that the entrepreneurial commitment of consequent entrepreneurs has a stronger influence than the opportunistic entrepreneurs on business performance. Simon et al. (2002) also found that entrepreneurial commitment has an influence on entrepreneurial performance, especially on market emphasis and technological novelty, while adaptability is demonstrated through the interaction of environmental dynamics.

The specific objective of this research was to develop entrepreneurial transformation model through identification of traders' characteristics as part of informal sector viewed from some aspects including achievement motivation, courage to take risks, and entrepreneurial commitment and their influence on business sustainability of local market traders in Makassar city.

## **II. Research Method**

This study was designed as a quantitative study. The data used in this study was collected from local market traders in Makassar. The types of data in this study consist of primary data and secondary data. Primary data was obtained through questionnaires and direct interviews with respondents on achievement motivation, courage to take risks, and entrepreneurial commitment and business sustainability. On the other hand, the secondary data was gathered from the local markets manager of Makassar City, which includes the number and location of existing markets in Makassar City and data in the form of documentation related to the problems of this study.

The population in this study involved all traders of local markets in Makassar City, amounting to 20 markets that were registered officially in the Regional Company Pasar Makassar Raya of Makassar City and spread in several sub-districts in Makassar City. The characteristics of the population of this study include all traders located in local markets, those who were actively and officially acknowledged by the Regional Company Pasar Makassar Raya as evidenced by the payment of market levies by the traders, and whose trading activities were carried out together with their family members; with their parents or with their children. The sampling was done by using cluster random sampling technique or sampling technique taken from the population based on the sampling area. The area sampling technique in this study was done through two steps; the first step was determining the area sample according to the characteristic set, which was the distribution of market traders based on market location and place of trade, and the next step was determining the number of samples in each sampling area. Furthermore, the sample determination was done by using purposive sampling technique, which is a sampling technique based on certain criteria. The total sample size in this study was 120. The technique of data analysis used in this study was a multiple linear regression analysis with the assistance of SPSS program version 21.

### III. Results and Discussion

Summary of the results of this study can be seen in Table 1. Based on the results of data analysis through SPSS Program Version 21, the regression equation obtained was  $Y = 10,861 + 2,199 X_1 + 0,426 X_2 + 0,321 X_3 + e$ . This equation shows that two independent variables, achievement motivation and entrepreneurial commitment, have a positive influence on business sustainability, while the courage to take risks has a negative influence on business sustainability. This means that if the achievement motivation increases, and entrepreneurial commitment increases, the business sustainability also increase. The contribution of achievement motivation, courage to take risks, and entrepreneurial commitment to business sustainability of local market traders in Makassar City is 65.2 %, while the remaining 34.8 is the contribution of other variables that are not included in the research model.

**Table 1.** Estimation Results

Independent Variables and Constanta	Regression Coefficients	Standard of Error	t-stats	Significance
Constanta	10,861	6,271	1,791	0,041
Achievement Motivation	2,199	0,171	6,592	0,001
Courage to Take Risks	- 0,426	0,143	- 3,471	0,025
Entrepreneurial Commitment	0,321	0,197	1,462	0,004
*Confidence Interval $\alpha = 5\%$ R Square = 0,652				

The results of significance test through t test using SPSS Program Version 21 can be seen in Table 2.

Two independent variables, achievement motivation and entrepreneurial commitment, have a positive and significant influence on business sustainability of local market traders in Makassar City. On the other hand, the courage to take risks has a negative and significant influence on business sustainability. When compared with courage to take risks and entrepreneurial commitment variables, achievement motivation variable is the variable that has the most significant influence on business sustainability of local market traders in Makassar.

**Table 2.** Significance Test

Independent Variables	t-stat	P-Values	Significance Level	Conclusion
Constanta	1,791	0,041	0,05	Significant
Achievement Motivation	6,592	0,001	0,05	Significant
Courage to Take Risks	- 3,471	0,025	0,05	Significant
Entrepreneurial Commitment	1,462	0,004	0,05	Significant

Holland (1985), in his vocational choice theory also suggested that interaction between work environment and personality can affect performance in career. More specifically, a higher level of suitability between personality and work in which there is achievement motivation will result in higher performance, including increasing business sustainability. McClelland (1961, 1965) argues that the need for achievement will be associated with successful performance in the role of entrepreneurship. Individuals with achievement motivation are more likely to engage in the instrumental activities necessary to succeed in improving business sustainability than individuals who have no achievement motivation (McClelland, 1965). Business actors with achievement motivation will be more likely to overcome obstacles, utilize resources optimally, compete, and improve their skills.

The findings of this study indicate that the courage to take risks is the independent variable that has negative and the least influence on business sustainability. The entrepreneurship process involves a state of uncertainty about financial well-being, psychological well-being, career security, and family relationships. In these situations, entrepreneurs with lower risk-taking tendencies can expect higher levels of performance in entrepreneurial activity because they tend to take a risky approach to running their business in terms of resource acquisition, strategy, and organization. Some empirical studies have provided evidence that the risk-taking tendency appears to be negatively related to business sustainability. The findings of this study are in line with Begley and Boyd's (1987) study which found that Return on Assets (ROA) of 147 small businesses declined as the tendency to take risks was excessive. Miner et al (1989), who conducted a survey of 118 technical entrepreneurs, showed that the average annual sales growth was positively related to their tendency to avoid risk. Forlani and Mullins (2000) conducted an experiment with 78 executives of fast-growing new corporates and found that entrepreneurs preferred low-risk businesses to high-risk businesses.

The results of this study also show that entrepreneurial commitment has a positive and significant influence on business sustainability. This is in line with the results of Mostafa's study (2006) that entrepreneurial commitment has a strong influence on business performance. Reijonen and Kompula (2007) argue that the performance achieved by entrepreneurs is the achievement or performance generated within a certain period of time based on the size of non-financial success in running their business. This is based on the view that entrepreneurs as actors also have a role as business owners. The results of this study indicate that the entrepreneurial commitment shown through the willingness of a person to accept and maintain the values and goals of his/her business is based on a strong intention or desire, high discipline, and perseverance that directs his/her behaviour to produce performance or achievement oriented to market development, order quantity, job satisfaction, product quality, and decent life.

The result of this research has implication to the business sustainability improvement of local market traders in Makassar City that the aspect of entrepreneurship education needs to be taken into consideration, especially those that take place in the family environment through transformation of entrepreneurship values. Through this transformation, achievement motivation, courage to take risks, and entrepreneurial commitment of local market traders are expected to further contribute to their business sustainability.

#### IV. Conclusion

Achievement motivation and entrepreneurial commitment have a positive and significant influence on business sustainability, while courage to take risks has a negative and significant influence on the business sustainability of local market traders in Makassar City. The contribution of achievement motivation, courage to take risks, and entrepreneurial commitment to the business sustainability of local market traders in Makassar is 65.2 %. Achievement motivation has the most significant influence on business sustainability compared with courage to take risks and entrepreneurial commitment variables.

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- [1] M Ozaki, Y. Adachi, Y. Iwahori, and N. Ishii, Application of fuzzy theory to writer recognition of Chinese characters. *International Journal of Modelling and Simulation*, 18(2), 1998, 112-116. (8)

*Note that the journal title, volume number and issue number are set in italics.*

**Books:**

- [2] R.E. Moore, *Interval analysis* (Englewood Cliffs, NJ: Prentice-Hall, 1966). (8)

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**Chapters in Books:**

- [3] P.O. Bishop, Neurophysiology of binocular vision, in J. Houseman (Ed.), *Handbook of physiology*, 4 (New York: Springer-Verlag, 1970) 342-366. (8)

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- [4] D.S. Chan, *Theory and implementation of multidimensional discrete systems for signal processing*, doctoral diss., Massachusetts Institute of Technology, Cambridge, MA, 1978. (8)

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- [5] W.J. Book, Modelling design and control of flexible manipulator arms: A tutorial review, *Proc. 29th IEEE Conf. on Decision and Control*, San Francisco, CA, 1990, 500-506 (8)

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