
FINANCIAL SATISFACTION OF ENTREPRENEURS BASED ON THE RISK AND RETURN ASPECTS

***Dr. Anand K., Assistant Professor of Commerce, Sri C Achutha Menon Government College, Thrissur.**

ABSTRACT

Entrepreneurs are willing to accept risks and organise resources for establishing a business or firm. Entrepreneurs take huge determination for bringing a firm into its existence and to ensure its development. Entrepreneurship is the process of establishing a business. An entrepreneur needs to have innovation and must be capable of handling complexity associated with the business. The benefits received may vary from one entrepreneur to another. The financial satisfaction of entrepreneurs mostly depends upon the financial benefits, risk, return etc. The financial returns are generally measured by the magnitude of profits. But there are certain other parameters also to be considered such as wealth creation, stability of income etc. The variables associated with the financial satisfaction are numerous and each dimension has their impact on the overall financial satisfaction of entrepreneurs. The magnitude and level of financial returns and satisfaction of entrepreneurs is of utmost importance because it has a great impact on the survival and growth also.

Keywords: Entrepreneurs, Financial Satisfaction, Risk and Return.

INTRODUCTION

Entrepreneur is the one who creates a business by taking risks for getting some returns or benefits in future. Entrepreneur can be termed as an economic representative who bring together the various factors of production and resources in such a way that new productive establishment can be framed. Entrepreneurship is the process of

generating something innovative with value. Entrepreneurs form a crucial part of financial system and economy. Entrepreneurs significantly depends on self-reliance and they strive hard for success through wisdom. Entrepreneurship is a basis of innovation and economic development.

Satisfaction designates a sense of accomplishment. Financial satisfaction is

an individual's perception of their current financial situation. It comprises of an adequate financial condition and wellness. Financial satisfaction is closely associated with the objective financial circumstances and apparent financial requirements. Financial satisfaction can be defined in another perspective as a general feeling of being safe and secured under the financial perspective. The degree of financial satisfaction of entrepreneurs is of extreme significance because of the fact that for growth and survival, financial state is very much crucial.

Entrepreneur organises various resources and takes effort for bringing up a product. In this process they have to take huge effort risks also. They may or may not get returns. No stability of income is also guaranteed. Despite these aspects they try hard to create a venture. There exist huge possibilities for growth also. How they balance all the aspects are of utmost importance. The varying nature of income and returns has created a question mark on the financial satisfaction of entrepreneurs.

Jaisankar and Chandrasekaran (2020)¹ recommended the need of giving suitable training amenities to entrepreneurs regarding the modern technology for

improvement of their efficiency and also invited the attention of the authorities concerned to take essential initiatives regarding this aspect. The quantitative and qualitative valuation of numerous appropriate dimensions were also considered. An overall evaluation considering the objective and subjective evaluation which is associated with the financial satisfaction is also done. Rapp and Olbrich (2020)² proposed to make use of adaptive approach while dealing with the uncertainties associated with the entrepreneurship. The deviation from general guidance characteristics and its implications were also listed. The usage of analytical senses is also considered. Esakki Muthu and Revathy (2020)³ cited that rural entrepreneurship boosts the richness of a nation and quoted that rural entrepreneurs are receiving valuable advices and support in different aspects. Pawar (2018)⁴ revealed that economic success of a country to a great extent depends upon the performance of the entrepreneurs. He emphasized that entrepreneurs have adequate prospects in the future and for this purpose they need to develop themselves.

RESEARCH QUESTIONS

Entrepreneurs are rendering various services to the society by taking risks and

providing various products and services. They help in the development of economy and society. They are ready to take up the hazards associated with the entrepreneurship and are investing their resources. Entrepreneurs helps in ensuring balanced regional development and assists in enhancing the standard of living. The uncertainties associated with the entrepreneurship is huge and the entrepreneur has to take extra efforts to make sure that the firm is on the right track and adequate returns are generated. Financial satisfaction is an important element of overall satisfaction of an entrepreneur. Financial satisfaction is influenced by many parameters and sub parameters such as profitability, risk, stability, cost of capital, growth prospects etc.

Under this context the researcher has the following questions.

1. How far the entrepreneurs are satisfied from the financial perspective?
2. How much is the risk and return aspects for the entrepreneur?

OBJECTIVE OF THE STUDY

The main objectives of the study are as follows:

1. To analyse the financial satisfaction of entrepreneurs.
2. To analyse the risk and return aspects of entrepreneurs.

SIGNIFICANCE OF THE STUDY

Satisfaction is one of the key elements that makes everyone move ahead with much more motivation and efforts. The level of satisfaction derived from the financial returns and prospects of the entrepreneur is of utmost importance. The risk and return associated with the entrepreneurship is of great significance and has some sort of relationship with the financial satisfaction. Financial satisfaction will have impact on growth, survival, commitment etc. It can be generally inferred that if an entrepreneur is having good financial satisfaction the firm will be generating good profits and that too in a stable manner along with the scope for growth. But there are certain exceptions also. How an entrepreneur is able to derive such financial satisfaction is a question worth to be analysed. This is mainly because the success of an entrepreneur has great impact on the society and economy. Under the broad context of overall economy, such individual contributions are worth understanding because they add up to become an influencing force. The scope touches almost all the important

performance ranges of entrepreneurship. Financial satisfaction may also have impact on other related aspects of entrepreneurship and may have an impact on the financial system, economy, employment opportunities, balanced regional development, standard of living etc. The parameters and dimensions along with their sub parameters and sub dimensions which create financial satisfaction and their weightage and influence is worth to be evaluated as it will have a huge impact on the success and growth of the firm.

STATEMENT OF THE PROBLEM

Entrepreneurs are entrusted with the process of bring together various resources in order to develop a product or service. Entrepreneur has to take up this entire process with risk and uncertainty associated with it. Entrepreneurs takes risks for getting profits and other returns. The returns may be financial and non-financial in nature. The returns many be adequate for certain persons where as it may not be adequate for some others. The commitment made by the entrepreneurs is huge and the earnings, returns, satisfaction etc must reflect it to have an optimum balance.

RESEARCH METHODOLOGY

The research methodology associated with this study is as follows:

1. **Primary Data:** This research paper is based on primary data and it was collected from entrepreneurs by using questionnaire. Secondary data associated with the theoretical aspects were being collected form published articles, journals and relevant text books.
2. **Sample:** The sample size selected is 100 and the geographical area associated with the sampling is Thrissur District of Kerala. The sampling technique adopted is Multistage Stratified Random sampling.
3. **Period of Study:** The research is conducted during November 2021 to February 2022.
4. **Tools of Analysis:** Descriptive statistics considering the mean and standard deviation along with graphs are applied. Weighted mean scores are also estimated.

ANALYSIS AND INTERPRETATION

The following part deals with the analysis and interpretation of data associated with the financial satisfaction of entrepreneurs.

| Table No. 1 -Response Details with Weightage Factor | | | | | | | |
|--|--|-----------------------|--------------|----------------|-----------------|--------------------------|--------------|
| Sl. No. | Measuring Items of Financial Satisfaction | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total |
| 1 | Entrepreneurs receive adequate profits for their efforts (V1) | 12 | 20 | 22 | 28 | 18 | 100 |
| 2 | Entrepreneurs are assured of stability of income (V2) | 8 | 18 | 20 | 30 | 24 | 100 |
| 3 | Entrepreneurs are able to generate adequate wealth creation (V3) | 10 | 14 | 24 | 34 | 18 | 100 |
| 4 | Entrepreneur's cost of capital is comparatively low (V4) | 6 | 8 | 28 | 24 | 34 | 100 |
| 5 | Entrepreneurs have normal level of risks only (V5) | 6 | 14 | 22 | 30 | 28 | 100 |
| 6 | Entrepreneurs have great scope for expansion and growth (V6) | 22 | 24 | 28 | 12 | 14 | 100 |
| | Weightage Factor | 5 | 4 | 3 | 2 | 1 | 15 |

Source: Computed from Primary Data

| Table No. 2 -Weighted Values of Responses |
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| Sl. No. | Measuring Items of Financial Satisfaction / Response | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Total |
|---------|---|----------------|-------|---------|----------|-------------------|-------|
| 1 | Entrepreneurs receive adequate profits for their efforts | 60 | 80 | 66 | 56 | 18 | 280 |
| 2 | Entrepreneurs are assured of stability of income | 40 | 72 | 60 | 60 | 24 | 256 |
| 3 | Entrepreneurs are able to generate adequate wealth creation | 50 | 56 | 72 | 68 | 18 | 264 |
| 4 | Entrepreneur's cost of capital is comparatively low | 30 | 32 | 84 | 48 | 34 | 228 |
| 5 | Entrepreneurs have normal level of risks only | 30 | 56 | 66 | 60 | 28 | 240 |
| 6 | Entrepreneurs have great scope for expansion and growth | 110 | 96 | 84 | 24 | 14 | 328 |

Source: Computed from Primary Data

| Sl. No. | Measuring Items of Social Satisfaction | Mean | SD |
|---------|---|------|-------|
| 1 | Entrepreneurs receive adequate profits for their efforts | 2.80 | 23.11 |
| 2 | Entrepreneurs are assured of stability of income | 2.56 | 19.06 |
| 3 | Entrepreneurs are able to generate adequate wealth creation | 2.64 | 21.38 |
| 4 | Entrepreneur's cost of capital is comparatively low | 2.28 | 22.60 |
| 5 | Entrepreneurs have normal level of risks only | 2.40 | 17.72 |

| | | | |
|-------------------|---|-------------|--------------|
| 6 | Entrepreneurs have great scope for expansion and growth | 3.28 | 43.67 |
| Mean Score | | 2.66 | 24.59 |

Source: Computed from Primary Data

Table number 3 lists down the mean and standard deviation on the financial satisfaction of entrepreneurs. The total mean score and standard deviation of the financial satisfaction is 2.66 and 24.59 respectively. From the total mean score it is identified that the entrepreneurs are “Neutral” with the financial satisfaction held by them.

Figure No. 1: Mean of Measuring Items of Financial Satisfaction

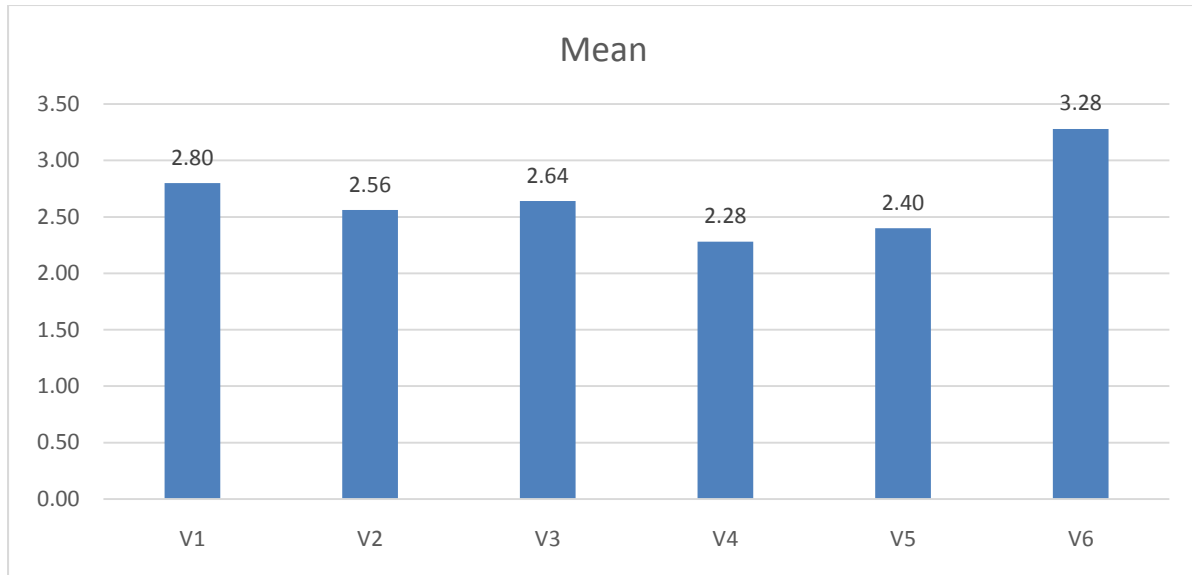


Figure No. 2: Standard Deviation (SD) of Measuring Items of Financial Satisfaction

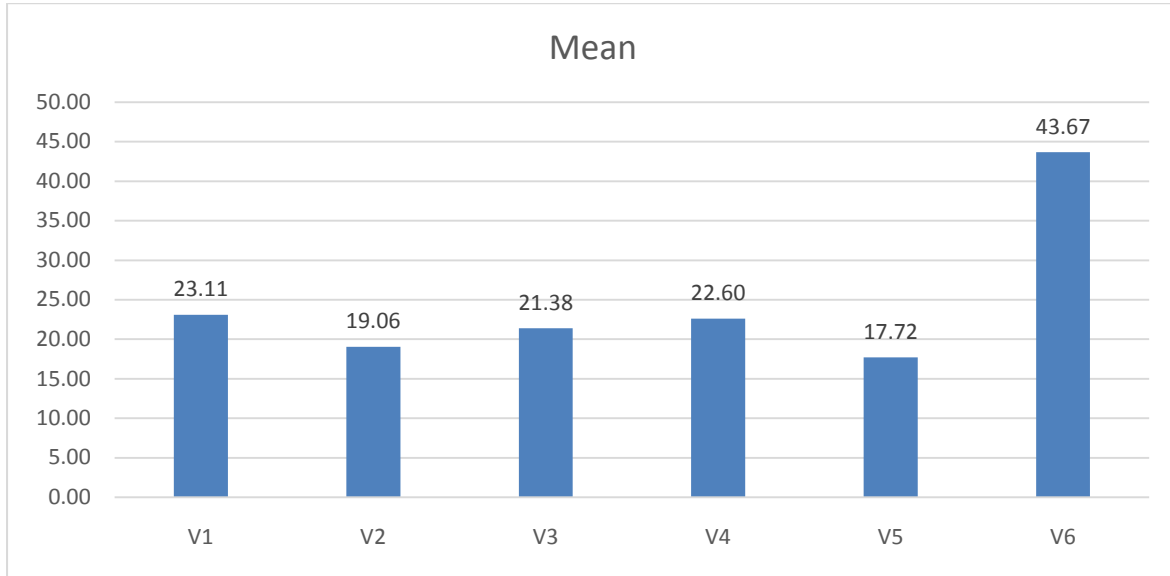


Table No. 4 - Interpretation on Financial Satisfaction

| Sl. No. | Measuring Items of Social Satisfaction | Comment |
|---------|---|---------|
| 1 | Entrepreneurs receive adequate profits for their efforts | Neutral |
| 2 | Entrepreneurs are assured of stability of income | Neutral |
| 3 | Entrepreneurs are able to generate adequate wealth creation | Neutral |
| 4 | Entrepreneur's cost of capital is comparatively low | Neutral |
| 5 | Entrepreneurs have normal level of risks only | Neutral |
| 6 | Entrepreneurs have great scope for expansion and growth | Agree |

Source: Computed from Primary Data

| Table No. 5 - Interpretation of Range in Mean | | |
|--|--|---|
| Dimension | Least Mean Score | Highest Mean Score |
| Financial Satisfaction | Entrepreneur's cost of capital is comparatively low. | Entrepreneurs have great scope for expansion and growth |

Source: Computed from Primary Data

| Table No. 6- Interpretation of Range in Standard Deviation | | |
|---|---|---|
| Dimension | Least Variance | Highest Variance |
| Financial Satisfaction | Entrepreneurs have normal level of risks only | Entrepreneurs have great scope for expansion and growth |

Source: Computed from Primary Data

FINDINGS AND SUGGESTIONS

Entrepreneurs are of the opinion that profits are not much higher for them and stability of income is also on an average note. They feel that they are not able to create adequate wealth generation. Entrepreneurs feel that there is a need to have capital at lesser cost and they are having neutral level of state now. Entrepreneurs feel that they are taking risks at a higher degree. An important aspect to note is that even though such issues associated with the risks, cost of

capital etc exists, they feel that they have a good scope for expansion and growth. This in fact is a scope that goes the opposite trend of the major limitation response attributes of other aspects. There are differences in the perception of entrepreneurs regarding the dimensions considered. There exists a difference in the magnitude of financial satisfaction of entrepreneurs. Authorities can ensure training facilities to manage the business in an enhanced professional manner. Cost reduction and control aspects need to be

implemented and such systems can be implemented with the help of regulatory bodies. Provision of capital at a lesser rate of cost and subsidies can be considered. Strategic and professionalised risk management methods can be adopted. Diversification along with expansion policies must be formulated and adopted adequately. Business process reengineering concepts can be effectively considered in order to identify the bottlenecks and to further enhance the professionalism of the firm. Modernisation aspects must be considered so as to avoid the issue of becoming obsolete. Necessary provisions of resources must also be done during every period so that there will be availability of adequate resources as and when need arises.

CONCLUSION

Entrepreneurs contribute much for the development of the economy. The efforts taken by them for bringing up the resources and to establish a firm is huge. They are taking risks and faced with different uncertainties in many cases. They are getting some sort of financial returns by profits and wealth. The degree of financial satisfaction received by the entrepreneurs vary from one to another. Likewise, there are differences in the

degree of satisfaction or acceptance in the variables considered. Certain entrepreneurs enjoy decent benefits where as some others are not up to the mark. Financial satisfaction is of utmost importance to entrepreneurs as it has a great impact on the overall satisfaction of the entrepreneur. Financial satisfaction of an entrepreneur enables them to go for expansion and diversification. It can be generally inferred that an entrepreneur will have some good degree of financial satisfaction if they are having adequate profitability, stability of income, prospects for growth, scope for wealth creation etc. The varying nature of the response received on the different variables had given an indication that there are different opinions in each dimension which actually weighed up to the uneven dimension of the overall financial satisfaction. Adequate assistance to the entrepreneurs must be ensured by the authorities concerned because of the fact that entrepreneurs render many services to the society and their growth has far reaching consequences in the economy also.

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