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Research paper

Cognitive Aspect's Role in Entrepreneurial Motivation and Its Success

U. Suganthi [1] *, Dr. K. Kalaichelvi [2]

[1] Research Scholar (Full Time), Bharathidasan School of Management, Bharathidasan University, Trichy-24, India
[2] Associate Professor, Bharathidasan School of Management, Bharathidasan University, Trichy-24, India
**Corresponding author E-mail: thangamsuganthi@gmail.com*

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Abstract

SMME success is significantly influenced by self-confidence, innovativeness, skill, experience, financial factors, and awareness of government schemes. Opportunity-driven mindset, risk-taking, innovativeness, skill, and experience are positively related to success, while financial factors show no significant impact. Additionally, awareness of government schemes plays a crucial role in motivating SMME entrepreneurs.

Keywords: *Self-Confidence; Innovativeness; Skill, Experience.*

1. Introduction

Cognitive aspects of motivation—such as goal-setting, self-efficacy, and resilience—are vital for entrepreneurial success; they do not work in isolation. Successful entrepreneurship emerges from the dynamic interaction between internal motivation and a range of external factors, including market conditions, resource availability, networking, regulatory environments, and broader economic and social contexts. Recognizing this interplay helps entrepreneurs strategically navigate both internal and external challenges, enhancing their chances of success. the success of women in entrepreneurship is influenced by a combination of cognitive motivation and various external factors. Financial support, education, time investment, and independence are critical external elements that interact with and enhance the cognitive aspects of motivation. By addressing both internal and external factors, we can better support women entrepreneurs in achieving their goals and overcoming the challenges they face. Integrating these perspectives provides a more holistic approach to understanding and fostering entrepreneurial success. the traditional focus on pull and push factors related to economic motives has been foundational in understanding entrepreneurial motivation. Expanding the lens to include cognitive, social, institutional, and personal factors offers a more nuanced and comprehensive view. This broader perspective can lead to more effective support systems and policies that address the diverse needs and motivations of entrepreneurs, ultimately fostering a more vibrant and inclusive entrepreneurial ecosystem. Murnieks, Klotz, and Shepherd (2019) point to a critical need for a more balanced approach in studying entrepreneurial motivation. By acknowledging and investigating how motivations vary across different phases of the entrepreneurial journey, researchers, practitioners, and policymakers can develop more comprehensive support systems and policies. This approach will not only enhance our understanding of entrepreneurial dynamics but also contribute to more effective support for entrepreneurs throughout their entire journey, ultimately fostering more sustainable and successful enterprises

2. Theoretical Background of The Study

External environmental factors, such as unemployment, divorce, forced termination, and widowhood, play a significant role in motivating individuals, especially women in developing countries, to start their own businesses. Understanding these motivations is crucial for creating effective support systems and policies. By addressing the specific challenges faced by necessity-driven entrepreneurs and providing targeted resources and support, policymakers and practitioners can help foster a more conducive environment for sustainable entrepreneurial success. Incorporating these insights into research and practice can lead to more nuanced and effective strategies for encouraging entrepreneurship in challenging settings (Nguyen, Phuong, Le, & Vo, 2020). Indeed, the dichotomy of pull and push factors addresses external economic motives, while trait-based research focuses on the intrinsic and cognitive aspects of individuals, including personality traits and self-perception. Rey-Marti, Tur Porcar, and Mas-Tur (2015). Understanding how these different approaches intersect can provide a more complete view of entrepreneurial motivation, especially for women. Here's a detailed look at these concepts: Push Factors - Economic Necessity: Push factors involve external pressures that compel individuals to become entrepreneurs. These may include unemployment, job dissatisfaction, or economic downturns. Pull Factors - Opportunity Recognition: Pull factors relate to perceived opportunities and

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attractions that draw individuals toward entrepreneurship. These can include market gaps, potential for financial gain, or the desire to innovate. Women motivated by pull factors are often driven by the potential benefits and personal satisfaction associated with starting a business. The combination of extrinsic and intrinsic motivation is essential for entrepreneurial success; Murnieks et al. (2020) have suggested integrating both types of motivation to better understand what drives entrepreneurs. Intrinsic entrepreneurial motivations alone are often insufficient for success in micro, small, and medium enterprises. These motivations must interact with and be supported by external factors to effectively facilitate entrepreneurial success, especially for women. Cabrera and Mauricio (2017) highlight several critical external factors—such as human resources, education, experience, and access to resources—that significantly influence entrepreneurial outcomes. Let's explore how these factors, along with socio-cultural considerations, interact with intrinsic motivations to shape women's success in MSMEs. Entrepreneurial motivation and cognitive factors are essential for women starting Micro, Small, and Medium Enterprises (MSMEs). Intrinsic motivation, like personal passions, can inspire women to pursue entrepreneurship, while external influences like financial rewards and self-efficacy motivate them as well. Cognitive factors, including opportunity recognition, risk perception, decision-making skills, and problem-solving abilities, affect how women perceive and handle business opportunities. The implementation of EO by a business can lead to improved performance through calculated risk-taking, innovation that results in new products and services, and a proactive approach to market changes (Kulkarni, Narkhede, & Jalgaon, 2016). Education and experience can enhance these skills, and strong problem-solving abilities are vital for overcoming challenges. The interaction of motivation and cognitive factors shapes entrepreneurial intentions, with high motivation and strong cognitive skills fostering clear visions, goal setting, and actionable steps. Persistence and adaptability are also crucial for entrepreneurs, and support systems such as mentorship and networking can strengthen both motivation and cognitive skills.

2.1. Self-confidence

Self-confidence plays a crucial role in entrepreneurship. When someone believes in their ability to succeed, they are more likely to identify and seize opportunities. This confidence fuels the drive to search for business prospects, take risks, and put in the hard work needed to turn ideas into reality. A positive outlook not only helps in recognizing potential opportunities but also in overcoming obstacles that inevitably arise in the early stages of a business. It is this mindset that encourages persistence and resilience, which are essential for navigating the challenges of starting and growing a business. Heriberta, Gaus, Ridwansyah, Hastuti, and Octavia (2024) suggest that self-confidence can significantly impact the success of Micro, Small, and Medium Enterprises (MSMEs) and can create a positive feedback loop where increased effort and perseverance contribute to greater achievements, reinforcing the entrepreneur's belief in their capabilities and driving further success. Iwara's (2024) study highlights the importance of endogenous entrepreneurial capacity building, resilience, risk awareness, self-efficacy, and nonconformist factors for enterprise efficacy in rural areas.
H1) Self-confidence has a significantly positive relationship with MSME entrepreneurs' motivation.

2.2. Opportunities driven

Ntsobi et al. (2024) SMME firms to adapt to market changes, capitalize on new opportunities, and respond more effectively. Organizing resources maximizes efficiency and effectiveness, reducing waste and optimizing productivity. Allocating resources supports strategic objectives and operational needs, prioritizing high-impact projects and managing risks. A resource-based view suggests that unique, valuable resources can provide a sustained competitive advantage. Al-Tekreeti, Al Khasawneh, and Dandis (2024). Creativity has a strong, positive relationship with entrepreneurial motivation, which suggests that more creative individuals are more likely to form entrepreneurial intentions. This makes sense as creativity can lead to innovative ideas and solutions, which are essential for entrepreneurial ventures.
H2) Opportunity-driven has a significantly positive relationship with MSME entrepreneurs' motivation.

2.3. Risk–taking

Risk-taking is a fundamental aspect of entrepreneurship. It involves making decisions that could lead to either significant rewards or substantial losses. Entrepreneurs often engage in risk-taking to identify and exploit new opportunities. This could mean entering new markets, developing innovative products, or adopting novel business models; this characteristic may contribute to the motivational factor for SMME entrepreneurs. Ahmad Zahiruddin Yahya (2011) management risk in small and medium enterprises (SMEs) is a crucial part of their success, and risk-taking is contributed from various business elements. Maja and Fatoki (2024). Entrepreneurs need to take risks to respond effectively and successfully to the environment; risk-taking is much needed for environmental responses.
H3) Risk-taking has a significantly positive relationship with MSME entrepreneurs' motivation

2.4. Innovativeness

Liang, Wang, Jia, and Zhu (2023). The study emphasizes the importance of innovation in the face of a rapidly changing global economy. As markets and technologies evolve, SMEs must adapt and innovate to stay competitive and relevant. They further suggest that simply having high rates of innovation among SMEs may not be sufficient on its own. More than just inventiveness is required for meaningful impact on business growth and development. Haileselasie Gebru (2009), continual innovation helps an organization differentiate itself from competitors. This differentiation can come in various forms, such as unique products, superior services, advanced technologies, or more efficient processes. Innovation is a characteristic that always leads to production and action in a new manner in the business.
H4) Innovativeness has a significantly positive relationship with MSME entrepreneurs' motivation

2.5. Skill and experience

In the recent study, Iwara (2024), Skill and efficiency play an important role in SMMEs' success. Mavimbela, Obioha, and Obioha (2024) their work suggest that SMME requires survival skills to continue the business, and further, it suggests that entrepreneurial success and continuation depend on the skillfulness of the owner /managers. Bello, Kanakana-Katumba, Maladzhi, and Omoyi (2024) study suggests that SMME requires a skillful workforce to achieve considerable success.
H5) Skill and experience have a significantly positive relationship with MSMEs' success.

2.6. Financial factor

Ndofirepi, Mpiti, and Rambe's (2020) findings exposed a negative relationship between private financing and the business growth of SMMEs. The relationship between the accessibility of private equity financing and business profitability suggests that easier access to private equity does not necessarily lead to higher profitability for businesses, and it increases financial risk to concerns. Iwara's (2024) study suggests that SMME market access, financing, competition, operational costs, and socio-cultural issues pose challenges. She also suggests that financial awareness and support are key drivers in SMME success. Heriberta et al. (2024) financial resources can be crucial for SMME success, enabling them to invest in growth, cover operational costs, and manage risks. Financial support can come in various forms, such as grants, loans, or investments, and it helps businesses maintain stability and scale effectively. Ntsobi, Mwale, and Muzenda (2024). The ability to mobilize, organize, and allocate productive resources is crucial for firms to achieve and sustain a competitive advantage. Mobilizing resources involves effectively acquiring and deploying necessary resources, such as capital, labor, and technology, for business operations.
H6) Financial factor has a significantly positive relationship with SMME entrepreneurs' success.

2.7. Education

Khan et al., 2021; Tambunan, 2019). Education is crucial for women entrepreneurs as it provides skills development, access to resources, increased productivity, improved decision-making, and confidence. Higher education enhances financial management, marketing strategies, and operational efficiencies, while providing access to networks and mentors. It also boosts productivity through better training and workshops, leading to increased income levels. Education also encourages focus group discussions, fostering innovative ideas and business practices. Investing in education equips women entrepreneurs with the necessary tools and knowledge to succeed and thrive in their enterprises. Heriberta, Gaus, Ridwansyah, Hastuti and Octavia (2024) . Investing in skills development ensures that the workforce is equipped with the necessary knowledge and capabilities to drive business performance. This could include training in technical skills, management practices, or other areas pertinent to the business's industry.
Awareness about Government support and schemes in SMMEs
The MSME sector, comprising 45% of India's industrial employment, 50% of exports, and 95% of industrial units, is growing globally, contributing to 90% of global trade and employing over 50% of the global workforce. Government support is vital, as well as awareness about schemes is equally important (Kiruthika, Karthikesan, & Elanchezhian, 2025).
Khan et al., 2021; Tambunan, 2019). Education is crucial for women entrepreneurs as it provides skills development, access to resources, increased productivity, improved decision-making, and confidence. Higher education enhances financial management, marketing strategies, and operational efficiencies, while providing access to networks and mentors. It also boosts productivity through better training and workshops, leading to increased income levels. Education also encourages focus group discussions, fostering innovative ideas and business practices. Investing in education equips women entrepreneurs with the necessary tools and knowledge to succeed and thrive in their enterprises. Heriberta, Gaus, Ridwansyah, Hastuti, and Octavia (2024) . Investing in skills development ensures that the workforce is equipped with the necessary knowledge and capabilities to drive business performance. This could include training in technical skills, management practices, or other areas pertinent to the business's industry.

3. Research Methodology

The study uses MSEM to collect schedules from 129 enterprises in the Thanjavur district of Tamil Nadu using a simple random sampling method. The study uses statistical methods such as one-way ANOVA to determine significant differences among groups, and the Scheffe test to identify specific group differences. To test the impact of age and income level on attitude towards crop insurance, assumptions for ANOVA, normality, and homogeneity of variances must be checked. ANOVA analysis was utilized in a study to examine the impact of socio-demographic variables, such as age, education and experience, and awareness about the government scheme is considered.
H9) There is no significant difference among different age groups and awareness about the government scheme
H10) There is no significant difference among different education groups and awareness about the government scheme
H11) There is no significant difference among the different experience groups and awareness about the government scheme

3.1. Results

H9 is accepted, and it suggests that there is no significant difference between the different age groups of respondents. H10 is rejected, and it suggests that various education groups differ in their awareness of government schemes. H11 is accepted, suggesting that there is no significant difference between the different experience groups.

Table 1: Independent Variable: Awareness About Government Scheme

	Dependent	Type III Sum of Squares	Df	Mean Square	F	Sig.
H9	Age	1.267	4	.322	.480	.653
H10	Education	32.65	3	4.352	6.52	.000
H11	Experience	3.45	4	.836	3.25	.277

Source: Primary Data.

Table 2: Independent Variable: MSME Entrepreneurs' Motivation

	Dependent	Type III Sum of Squares	Df	Mean Square	F	Sig.
H12	Income support	1.267	4	.322	2.48	.453
H13	Education	3.45	4	.836	3.25	.377
H14	Financial support from any schemes	32.65	3	4.352	6.52	.000

Source: Primary Data.

Motivation significantly influences MSME entrepreneurs' access to financial support schemes. While income support and education are not significantly influenced by motivation, motivated entrepreneurs are better at utilizing government/financial schemes. The results of

ANOVA show that motivation has a highly significant influence on financial support from schemes, indicating that motivated entrepreneurs are more likely to avail or benefit from institutional financial schemes.

Table 3: Independent Variable: MSME Entrepreneurs' Success

	Dependent	Type III Sum of Squares	Df	Mean Square	F	Sig.
H15	Income support	1.267	4	.322	.480	.653
H16	Education	3.45	4	.836	3.25	.577
H17	Financial support from any government schemes	22.65	3	3.352	5.52	.000

The ANOVA results show that financial support from schemes has a significant effect on the success of MSME entrepreneurs, with H17 having the strongest positive impact. Income support and education were not significant predictors of MSME entrepreneurs' success, and H15 and H16 were not substantial. The study indicates that financial support from schemes is the main factor driving entrepreneurial success, while income support and education are not. This underscores the importance of financial support in improving the success of MSME entrepreneurs.

3.2. Multi-structural equation modeling

The study used a Multi-Structural Equation Modeling (MSEM) approach to test hypotheses. Validity tests included Exploratory Factor Analysis (EFA), Discriminant Validity (DV), Convergent Validity, Average Variance Extracted (AVE), Cronbach's Alpha (R), and Confirmatory Factor Analysis (CFA). These tests ensure accurate and reliable measurement of constructs, providing a solid foundation for testing hypotheses using MSEM.

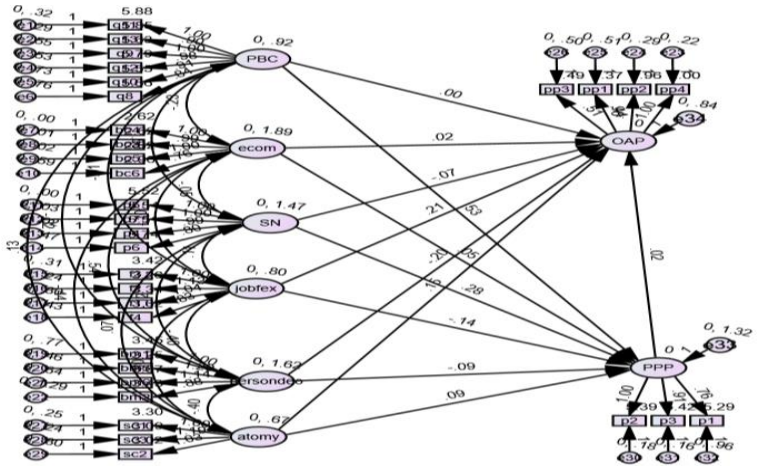

Fig. 1: Measured Structural Equation Modeling.

Table 4: Measured Structural Equation Modeling Results

S. no	Endogenous variables < Exogenous variables	Estimate	S.E.	C.R.	P
H1	Self-confidence has a significantly positive relationship with MSME entrepreneurs' motivation.	.234	.073	3.450	***
H2	Opportunities-driven has a significantly positive relationship with MSME entrepreneurs' motivation	.315	.077	3.635	.306
H3	Risk-taking has a significantly positive relationship with MSME entrepreneurs' motivation	-.067	.335	-.595	.552
H4	Innovativeness has a significantly positive relationship with MSME entrepreneurs' motivation	.264	.087	3.228	.003
H5	Skill and experience have a significantly positive relationship with MSMEs' success	.256	.076	3.449	***
H6	Financial factor has a significantly positive relationship with MSME entrepreneurs' success	-.059	.339	-.422	.673
H7	Awareness about the government scheme has a significantly positive relationship with MSME entrepreneurs' motivation.	.224	.078	2.640	.006
H8	Awareness about the government scheme has a significantly positive relationship with MSME entrepreneurs' success	-.234	.090	-2.50	.009

3.3. Results

H1 is accepted, suggesting that self-confidence has a significantly positive relationship with the motivation of MSME entrepreneurs.
H2 is rejected, suggesting that Opportunity-driven has a less positive relationship with the motivation of MSME entrepreneurs.
H3 is rejected, and it suggests that risk-taking has a positive relationship with SMME entrepreneurs' motivation. The present research results suggest that risk-taking has a less significant relationship with MSME entrepreneurs' motivation. It also supports Iwara's (2024) study results.
H4 is accepted, and it suggests that Innovativeness has a significantly positive relationship with MSME entrepreneurs' motivation
H5 is accepted, and it suggests that skill and experience have a significantly positive relationship with MSMEs' success.
H6 is rejected, and it suggests that the financial factor has no significant positive relationship with MSME entrepreneurs' success
H7 is accepted, and it suggests that awareness about the government scheme has a significantly positive relationship with MSME entrepreneurs' motivation.

H8 is accepted, and it suggests that awareness about the government scheme has a significantly positive relationship with MSME entrepreneurs' success

4. Managerial Recommendation

The study found no significant difference in awareness of government schemes among different age groups, with education levels influencing awareness. However, experience did not significantly affect awareness. Motivation significantly influenced access to government financial support schemes, with motivated entrepreneurs better positioned to benefit from these schemes. Income support and education did not significantly impact MSME entrepreneurs' success.

5. Limitations of The Study

The study is subject to certain limitations. First, although the number of registered and active MSME units in the study area is approximately 1,180, the sample size was restricted to 129 units. This relatively small sample size was primarily due to the wide geographical spread of the sampling frame, which constrained data collection. Second, variations in the business volume of the sampled units posed another limitation, as differences in scale and capacity may influence the generalizability of the findings.

6. Conclusion

The study found that self-confidence, innovativeness, skill, and experience are the most important predictors of motivation. However, awareness of government schemes has a negative relationship with success, even though it is positively related to motivation. Risk-taking and financial factors do not significantly affect outcomes. Opportunities-driven motivation looks promising but is not statistically significant in this case. The study suggests that self-confidence, innovativeness, and awareness of government schemes are key motivation factors. SMME success is significantly affected by self-confidence, innovativeness, skill, experience, financial factors, and awareness of government schemes. Opportunities-driven, risk-taking, innovativeness, skill, and experience are positively related, while financial factors have no significant effect. Awareness of government schemes is also found to be a significant factor in MSME entrepreneurs' motivation. H6 proposed a significantly positive relationship between financial factors and MSME entrepreneurs' success. However, the analysis showed a very small negative relationship ($\beta = -0.059$, $p = 0.673$), which is not statistically significant. This indicates that financial factors do not have a meaningful impact on MSME entrepreneurs' success in this sample, highlighting the need for additional training and capacity-building in financial management for MSMEs.

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