

# NEED FOR ACHIEVEMENT OF THE ENTREPRENEUR, INTRAPRENEURSHIP, AND THE GROWTH OF COMPANIES IN TOURISM AND TRADE\*

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**Abstract:** *Need for achievement is an element of the personality of entrepreneurs which can be important for the inception, development, and business performance of small firms. Intrapreneurship can be developed in small firms because of the level of need for achievement possessed by entrepreneurs, and can influence firm growth. Hypotheses are stated and empirically tested on the basis of responses to a structured questionnaire completed by a sample of Slovenian small and medium-sized enterprises in tourism and trade. The research results indicate positive relationships between the need for achievement of the female entrepreneur and intrapreneurship, and between intrapreneurship and firm growth.*

**Keywords:** *Need for achievement, entrepreneur, intrapreneurship, growth, tourism, trade*

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## 1. INTRODUCTION

**N**eed for achievement is an element of the personality of entrepreneurs which can be important for the inception, development, and business performance of small firms. Entrepreneurs invest their time and effort in the process of entrepreneurship, take financial, emotional, and social risks to create something new and thereby receive rewards in the form of financial profits and personal satisfaction and independence [15]. In the dynamic process in which entrepreneurs usually start and develop new firms, the key actor – the entrepreneur – typically evaluates and develops entrepreneurial ideas while exploiting opportunities [6]. Intrapreneurship (entrepreneurship in existing companies) in small and medium-sized firms (SMEs) is based on the decisions of entrepreneurs and is also important for the business performance of enterprises. Intrapreneurship may be seen as a concept at the individual level [9]. To engage or not to engage in intrapreneurship (entrepreneurial behavior) is a personal decision [19], [23].

In the hospitality, leisure, sports, and tourism industries, entrepreneurship is a driver of change, innovation, and employment and is essential for meeting the rapidly changing demands of consumers while intrapreneurship is critical for established businesses to enable new market development in response to changing consumer demands and to facilitate new concept development [8] (p. 5). Professional, skill, and financial barriers to entry to the tourism sector tend to be low and thus persons seeking a life change can find a new entrepreneurship career in this sector attractive [22]. The paper deals with the entrepreneur's need for achievement and its impact on intrapreneurship and firm growth in tourism.

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## 2. THEORY AND HYPOTHESIS

The entrepreneur's personal characteristics are important for his/her company's activities and performance. Intellectual capital resides in people and embodies a limitless source of competitive advantage for companies [30]. Knowledge and skills of the entrepreneur can be decisive for their company's performance [13]. Personal characteristics may be important for the acquisition of knowledge, skills, development of capabilities, selection between choices, activities, and performance of a person and their firm. McClelland [21] developed the theory of the need for achievement (nAch) which describes the entrepreneur as a person with a stronger need for achievement than the general population. Need for achievement is based on a person's desire for accomplishment and recognition, which drives them to become an entrepreneur. Someone characterized by a high need for achievement seeks new challenges, independence, and satisfaction based on the societal recognition of their accomplishments. Need for achievement is one of the strongest motivators of entrepreneurs [20]. It may be considered a characteristic of successful people [6]. Viejo et al. [33] found a person's satisfaction with their own achievement is an important antecedent of psychological well-being. Schumpeter [25] described the entrepreneur as a person who has the will to conquer and succeed. Entrepreneurs tend to be characterized with a strong need for achievement (for example, [21]; [16]; [28]; [27]).

An entrepreneur with a high need for achievement will try hard to succeed in organizational activities and performance. Organizational elements which can contribute to intrapreneurship are open communication, formal control, a thorough analysis of the environment, organizational support, organizational values, and cooperation in strategic alliances [3]. Intrapreneurship and its elements (new business venturing, innovativeness, risk-taking, proactiveness) can be developed in firms of different sizes [4]. Developing the elements of intrapreneurship and organizational factors in small and medium-sized enterprises may depend on the decisions of key decision-makers – entrepreneurs – who usually play two key roles, which are related to the management and ownership of the company. Despite the fact that differences between male and female entrepreneurs exist, their psychological propensities may be more similar than different [26].

The key emphasis in this article is on the entrepreneur's need for achievement which may have a positive impact on the company's activities and is important for establishing intrapreneurship. Therefore, the estimated link between the need for achievement and intrapreneurship is positive. Based on the above findings, the following hypothesis is proposed:

**Hypothesis 1:** Need for achievement is positively associated with intrapreneurship.

The need for achievement may be related to growth of the company since the entrepreneur can represent an important driving force of the majority of activities of small and medium-sized companies. Entrepreneurs with a strong need for achievement will be success oriented and will try harder to achieve the desired results, giving them a greater chance of achieving better business results than entrepreneurs with a weaker need for achievement. The entrepreneur's need for achievement may be directly related to their firm's performance (as described above) or indirectly through intrapreneurship since previous research found a positive link between intrapreneurship and company growth [4], [5], [7], [2]. People with a strong need for achievement are shown to have a better performance in difficult missions and search to assume higher responsibility [31], [29]. Need for achievement is a trait that influences entrepreneurial success [24], [11], [1], [18]. It was found to be an important antecedent of the entrepreneurial orientation of retail entrepreneurs [12]. In their review, Bozic and Knezevic Cvelbar [10] (p. 381) identified

entrepreneurial orientation (innovativeness, risk-taking, proactiveness, autonomy; [17], [14], [32]) as an important driver (based on capabilities) of performance in the hotel industry. On the basis of the above discussion, we propose the following research hypothesis:

**Hypothesis 2:** Need for achievement is positively associated with growth of the firm.

### 3. METHODOLOGY

We used a survey questionnaire with mainly closed questions, allowing the possibility of subsequent detailed processing. Likert-type scale ratings of responses to questions mainly ranged from 1-very untrue to 5-very true. Need for achievement was measured with one item (having the desire for achievements). To measure intrapreneurship and growth, questions from previous research [5], [2] were used: 14 questions related to intrapreneurship activities (entering new businesses and product innovation activities) (Cronbach Alpha reliability of 0.88). Growth included one item (the average annual growth in sales in the last three years, [5]). Control variables (person: age and gender; company: industry, size in terms of revenue and age) were also included.

The data were collected by e-mail. Questionnaires were sent to small and medium-sized enterprises in tourism and trade in Slovenia, and 101 usable responses were returned (31.7% in tourism and 68.3% in trade). The biggest proportion of companies were aged between 11 and 20 years (46.5%), most firms were small with up to 10 employees (micro firms; 74.3%), with total annual sales of EUR 400,000 or less (42.6%). Most entrepreneurs were male (60.4%; 39.6% female) and over 50 years old (38.6%); the age groups 30 to 40 years (24.8%) and 40 to 50 years (32.7%) were also well represented. We used regression analysis to test the hypotheses. The control variables firm size and age of the person were also included as independent variables in the regression equations. The sample was split into male and female entrepreneurs to test for the effects of the gender control variable.

### 4. REGRESSION ANALYSIS RESULTS

In examining hypothesis 1, we tested the link between need for achievement and intrapreneurship (Table 1). The regression model was shown to be significant ( $F=2.81$ ) at a lower level of significance (sig. 0.097). The adjusted coefficient of determination is 0.018, meaning that 1.8% of the variance in the dependent variable can be explained by the independent variable. The standardized regression coefficient for the need for achievement is positive, substantial (0.17), and significant at a lower level of significance (sig. 0.097). Need for achievement was therefore found to be positively related to intrapreneurship at a lower significance level (below 0.10), which is consistent with hypothesis 1.

In verifying hypothesis 2, we tested the link between need for achievement and growth (Table 2). Here, the regression model was shown not to be significant ( $F=0.01$ , sig. 0.934). The adjusted coefficient of determination is 0, which means that 0% of the variance in the dependent variable can be explained by the independent variable. The standardized regression coefficient for the need for achievement is 0.07 and is not significant (sig. 0.934). This result does not support hypothesis 2.

In addition, we checked the link between intrapreneurship and growth of the company (Table 3). The regression model was shown to be significant ( $F=6.90$ , sig. 0.010). The adjusted coefficient of determination is 0.056, showing that 5.6% of the variance in the dependent variable can be explained by the independent variable. The standardized regression coefficient for intrapreneurship is 0.25 and is significant (sig. 0.010). Intrapreneurship was found to be positively related to growth. Therefore, need for achievement can be indirectly (through intrapreneurship) related to firm growth.

<i>Regression Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
		B	Std. Error	Beta		
1	(Constant)	2.276	0.440		5.168	0.000
	Need for Achievement	0.169	0.101	0.166	1.676	0.097
Dependent Variable: Intrapreneurship						

Table 1: Results of the Need for Achievement-Intrapreneurship Regression Analysis

<i>Regression Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
		B	Std. Error	Beta		
2	(Constant)	2.138	0.730		2.930	0.004
	Need for Achievement	0.014	0.167	0.008	0.083	0.934
Dependent Variable: Sales Growth						

Table 2: Results of the Need for Achievement-Growth Regression Analysis

<i>Regression Model</i>		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>
		B	Std. Error	Beta		
3	(Constant)	0.944	0.490		1.928	0.057
	Intrapreneurship	0.417	0.159	0.255	2.628	0.010
Dependent Variable: Sales Growth						

Table 3: Results of the Intrapreneurship-Growth Regression Analysis

Correlations among the key constructs are displayed in Table 4 and confirm the results of the regression analysis. When checking the influence of the control variables (person: age and gender; firm: size and age), the following was found:

- (1) a positive association between size of the firm and intrapreneurship (standardized regression coefficient 0.22, sig. 0.027);
- (2) a positive association between size of the firm and growth (standardized regression coefficient 0.29, sig. 0.003) and a negative association between age of the firm and growth (standardized regression coefficient -0.28, sig. 0.004) when estimating the need for achievement-growth relationship (regression model 2 with control variables);
- (3) a positive association between size of the firm and growth (standardized regression coefficient 0.26, sig. 0.010) and a negative association between age of the firm and growth (standardized regression coefficient -0.26, sig. 0.009) when estimating the intrapreneurship-growth relationship (regression model 3 with control variables);
- (4) a higher level of significance was found for the need for achievement-intrapreneurship relationship for female entrepreneurs (standardized regression coefficient 0.33, sig. 0.039) than for male entrepreneurs (standardized regression coefficient 0.01, sig. 0.929); and
- (5) other effects of control variables were shown not to be statistically significant.

		<i>Need for Achievement</i>	<i>Intrapreneurship</i>	<i>Sales Growth</i>
<i>Need for Achievement</i>	Pearson Correlation	1	0.166*	0.008
	Sig.		0.097	0.934
<i>Intrapreneurship</i>	Pearson Correlation		1	0.255***
	Sig.			0.010
<i>Sales Growth</i>	Pearson Correlation			1
	Sig.			
* Correlation is significant at the 0.10 level (2-tailed)				
** Correlation is significant at the 0.05 level (2-tailed)				
*** Correlation is significant at the 0.01 level (2-tailed)				

Table 4: Correlations

## 5. DISCUSSION AND CONCLUSION

The research results demonstrate a link between need for achievement, intrapreneurship and the growth of tourism and trade firms. The results confirm the hypothesis of an association between the need for achievement and intrapreneurship, but only for female entrepreneurs. In addition, the research shows that intrapreneurship has a positive association with growth. Using control variables (age and size of the company; age and gender of the person), we may conclude that in small and medium-sized firms the size of the company can have an effect on intrapreneurship and growth of the company. We therefore recommend the introduction of intrapreneurship to female entrepreneurs. The control variable of age of the company has a negative relationship with growth, meaning that older companies grow more slowly, and vice versa. The results reveal that need for achievement can be important for intrapreneurship and indirectly for the growth of female entrepreneurs' firms.

The paper stressed the importance of the need for achievement in intrapreneurship and growth of the firm, with an emphasis on small and medium-sized enterprises. The theoretical consideration was upgraded with empirical quantitative analysis of a sample of Slovenian firms in tourism and trade. In addition to the scientific contribution, we now outline some practical recommendations for companies which may contribute to their growth: (1) The research found that need for achievement can impact intrapreneurship in female entrepreneurs' firms who should seek to develop their own need for achievement or employ managers who possess a high need of achievement. In addition, approaches to promote women's entrepreneurship capabilities shall be emphasized by practitioners and policy makers. (2) Intrapreneurship is also the key for the growth of tourism and trade firms (in terms of new businesses and product innovations). For example, stimulating new demand, working on new businesses in new markets, finding new market niches, and offering and developing new products are all important. In order to change the mindset and to improve the entrepreneurial internal environment in small and medium-sized enterprises in tourism and trade, one focal point may be to achieve a strong managerial and organizational support (for example, giving enough encouragements, autonomy, time and resources) for intrapreneurship development. With the aim of convincing entrepreneurs, intrapreneurship needs to be strongly promoted as the key for business success.

The study is limited to the need for achievement as an important element that affects intrapreneurship of the firm. It does not include other elements that may also be important for businesses to grow. In limiting the sample, firms from Slovenia and not from other countries were

selected. The collection of data on the growth of firms was based on the perceptions of company representatives because this was identified as relevant in previous intrapreneurship studies [4], [5], [2]. In the future, research could include other factors that are important for intrapreneurship and the growth of firms in tourism and trade.

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