WHAT LEADS TO EFFECTIVE SELF-REGULATION? ORIGINS AND OUTCOMES OF ENTREPRENEURS’ Grit

Rebecca J. Franklin
Memorial University of Newfoundland, Canada, rebecca@researchentrepreneurship.com

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol35/iss4/1
WHAT LEADS TO EFFECTIVE SELF-REGULATION? ORIGINS AND OUTCOMES OF ENTREPRENEURS’ GRIT

Rebecca J. Franklin, Memorial University of Newfoundland, Canada

Abstract

Entrepreneurs operate in uncertain environments in which there are many demands on their time and attention. Furthermore, they must be able to effectively pursue long-term goals in order to be successful in their entrepreneurial endeavors. This study investigates the self-regulatory factor known as grit – perseverance and passion for long-term goals, and a construct from the field of family systems known as differentiation of self. Structural equation modeling is used to examine the extent to which these constructs, along with subjective well-being, are positively associated with entrepreneurial performance and success. Results indicate that differentiation of self and subjective well-being are positively related to grit, and grit and subjective well-being are positively associated with both career success and firm performance.

Introduction

Self-regulation has been found to facilitate high levels of performance and success for individuals in a variety of contexts (Forgas et al, 2009). Effective self-regulation is particularly important for entrepreneurs because they operate in dynamic and uncertain environments in which there are few external guides for behavior, and they must regulate their behavior such that they are able to remain focused on pursuit of long-term goals despite multiple tasks and situations that may distract them (Baron, 2007; Baron et al., 2012; Nambisan & Baron, 2013). Furthermore, entrepreneurs tend to be emotionally connected to their ventures (Baron, 2008; Cardon et al., 2012; Shepherd et al., 2009), and they need to effectively regulate their emotions to act for the good of the venture and their employees. In other words, they need to be able to think and act based on reason and logic rather than emotional reactivity — especially in the high stress situations and dynamic environments that characterize entrepreneurship.

Research on how self-regulatory factors influence entrepreneurs’ behaviors is emerging (e.g. Bryant, 2009; Nambisan & Baron, 2013). However, our knowledge about the antecedents of self-regulatory factors remains very limited. Differentiation of self, a concept developed in the field of family systems, pertains to an individual’s ability to balance emotional and intellectual functioning while concurrently balancing intimacy and autonomy in interpersonal relationships (Bowen, 1976, 1978). Individuals with higher levels of differentiation are better able to distinguish thoughts from feelings, can effectively balance strong affect with logical reasoning, and are less emotionally reactive (Bowen, 1976, 1978; Kerr & Bowen, 1988). Thus, higher levels of differentiation facilitate individuals’ abilities to regulate their emotions, and consequently, their behaviors. It is theorized that individuals with high levels of differentiation of self are more likely to be goal directed (Kerr & Bowen, 1988), but prior to the current study, this relationship has not (to the best of our knowledge) been empirically tested.

A key process of self-regulation that is gaining interest in entrepreneurship research is grit (e.g. Nambisan & Baron, 2013), which is an individual’s perseverance in the pursuit of long-term
goals, emphasizing stamina in both interest and effort over extended periods of time (Duckworth, Peterson, Matthews, & Kelly, 2007). Grit has been found to contribute to higher levels of performance and success in a variety of contexts (Duckworth et al., 2007; Duckworth & Quinn, 2009). Grit is a construct that is particularly relevant to entrepreneurs, because they need to be able to persevere through difficulties associated with starting ventures, and effectively pursue and achieve long-term goals in order to be successful in their entrepreneurial endeavors. Additionally, higher levels of subjective well-being should contribute to entrepreneurs’ performance and success. Although often thought of as an outcome variable, evidence indicates that higher levels of subjective well-being contributes to higher levels of success in a variety of dimensions (Lyubomirsky, King, & Diener, 2005).

**Hypotheses Development**

Differentiation of self has been described as the degree to which individuals “are able to distinguish between the feeling process and the intellectual process” (Kerr & Bowen, 1988: 97) while also balancing autonomy and intimacy in relationships with others (Bowen, 1978). Individuals who have higher levels of differentiation of self are better able to think clearly and act logically when confronted with situations that are emotionally charged or anxiety provoking. Prior research on differentiation of self indicates that it is associated with a number of positive outcomes including physical and emotional well-being (Bohlander, 1999; Murray et al., 2006; Ross & Murdock, 2014; Sandage & Jankowski, 2010; Skowron et al., 2009), interpersonal relationship satisfaction (Skowron & Friedlander, 1998), social connectedness (Williamson, Sandage & Lee, 2007), and lower levels of anxiety and stress (Bartle-Haring & Gregory, 2003; Griffin & Apostal, 1993; Krycak, Murdock, & Marszalek, 2012; Murdock & Gore, 2004; Peleg-Popko, 2002; Skowron et al., 2004). By being more “inner directed,” individuals with higher levels of differentiation are theorized to be more goal-directed (Kerr & Bowen, 1988: 107).

An individual’s basic underlying (trait-like) level of differentiation is developed during the childhood socialization process, and tends to be fairly well established by adolescence (Kerr & Bowen, 1988). The antecedents of self-regulation are believed to include the development of certain cognitive skills during the interactional socialization processes that occur during childhood (Kopp, 1982). Self-regulation is defined as an array of cognitive processes through which individuals monitor, assess, direct, and adjust their behaviors to facilitate progress toward desired goals (Forgas, Baumeister, & Tice, 2009). Research in the field of family systems suggests that higher levels of differentiation of self contribute to one’s ability to engage in effortful control (i.e. self-control) – an important component of self-regulation (Skowron & Dendy, 2004). Thus, higher levels of differentiation of self can facilitate more effective self-regulation, which, in turn, contributes to the ability to pursue goals more effectively. Therefore, higher levels of differentiation of self should be associated with higher levels of grit (i.e. perseverance and passion for long term goals).

**H1: Differentiation of self will be positively related to grit.**

Grit has been positively associated with performance and success in a variety of situations and contexts. For example, grit has been associated with higher levels of educational attainment, higher GPA scores, Westpoint cadet completion of an arduous training program, fewer lifetime career changes, and higher levels of performance among competitors in a longitudinal study of the outcomes a national spelling bee (Duckworth et al., 2007; Duckworth & Quinn, 2009). In each of these studies, grit accounted for more variance in the outcomes over and above IQ. Furthermore,
a variety of longitudinal studies provides additional evidence of grit as a predictor for a number of positive outcomes related to performance and success. For example, sales representatives who scored more highly on grit were more likely to retain their jobs long-term, high school juniors with higher grit scores were more likely to graduate the following year, and soldiers with higher grit scores were more likely to complete a rigorous selection course – and grit predicted retention in these studies over and above other predictors such as personality traits, physical aptitude, intelligence, and other factors (Eskreis-Winkler, Shulman, Beal, & Duckworth, 2014). Additionally, a longitudinal study on teacher effectiveness indicated that both grit and life satisfaction predicted higher levels of teacher performance (Duckworth, Quinn, & Seligman, 2009). Furthermore, in the field of entrepreneurship, it has been suggested that entrepreneurs’ level of grit is positively associated with their ability to effectively pursue multiple competing performance goals and technology development goals simultaneously, which should contribute to the performance and success of their firms (Nambisan & Baron, 2013). Hence,

**H2a:** Grit will be positively related to career success.

**H2b:** Grit will be positively related to firm performance.

Subjective well-being “refers to people’s evaluations of their lives -- evaluations that are both affective and cognitive. People experience abundant subjective well-being when they feel many pleasant and few unpleasant emotions, when they are engaged in interesting activities, when they experience many pleasures and few pains, and when they are satisfied with their lives” (Diener, 2000: 34). Subjective well-being has been associated with many aspects of work, including work satisfaction, income, occupational attainment, work autonomy, meaning and variety, creativity, supervisory evaluations and overall performance (Cropanzano & Wright, 1999; Diener et al., 2002; Marks & Fleming, 1999; Roberts et al., 2003; Staw et al., 1994). While a number of studies suggest that success contributes to subjective well-being, there is also convincing evidence that subjective well-being contributes to success. Lyubomirsky, King and Diener (2005) conducted an extensive meta-analysis using three classes of evidence (cross-sectional, longitudinal, and experimental). Their findings provided evidence that not only does success lead to happiness/subjective well-being, but happiness/subjective well-being (based on personality as well as based on past successes) can lead to further success. Thus, higher levels of subjective well-being should be associated with higher levels of performance and success among entrepreneurs.

**H3a:** Subjective well-being will be positively related to grit.

**H3b:** Subjective well-being will be positively related to career success.

**H3c:** Subjective well-being will be positively related to firm performance.

**METHOD**

A national sample of business founders/owners completed an online survey (n=232) that included established validated measures for the following constructs. Differentiation of self was measured using the Differentiation of Self Inventory (Skowron & Friedlander, 1998). Sample items include: “When I am having an argument with someone, I can separate my thoughts about the issue from my feelings about the person,” and “I’m less concerned that others approve of me than I am about doing what I think is right.” Grit was measured with the Short Grit Scale (Grit-S) (Duckworth & Quinn, 2009). Sample items include: “I often set a goal but later choose to pursue a different one” (reverse scored), and “I finish whatever I begin.” Subjective well-being
was measured with the widely-used Satisfaction With Life Scale, a five-item scale developed to measure global life satisfaction (Deiner et al., 1985). Sample items include: “In most ways my life is close to my ideal,” and “If I could live my life over, I would change almost nothing.” Two measures of entrepreneurial success were used — career success as a subjective measure of entrepreneurial success (sample item: “I am satisfied with the overall success I have achieved in my career”) (Abel & Spurk, 2009; Heslin, 2003), and firm performance as an objective measure of entrepreneurial success (Covin et al., 1990). Control variables included age, sex, education, and ethnicity. The majority of respondents were male (79%) and Caucasian (93%). Ages ranged from 28-84 with a mean age of 54.5. The highest level of education was as follows: 1% high school, 6% some college, 60% bachelor’s degree, 24% master’s degree, 9% PhD.

**Results**

Structural equation modeling with AMOS was used to examine the hypothesized model and to test alternative models. The hypothesized model was found to be more explanatory and parsimonious than alternative models. Fit indices suggested a good fit for the data. Differentiation of self and subjective well-being are the exogenous variables. Differentiation of self was positively related to grit (standardized coefficient = .378, p<.001). Subjective well-being was positively related to grit (standardized coefficient = .179, p<.05), to career success (standardized coefficient = .443, p<.001), and to firm performance (standardized coefficient = .398, p<.001). Grit was positively related to both career success (standardized coefficient = .301, p<.001), and firm performance (standardized coefficient = .218, p<.01). The positive relationships between differentiation of self and career success and differentiation of self and firm performance were fully mediated by grit.

**Discussion and Implications**

Results indicated that subjective well-being was positively related to grit and positively related to career success and firm performance. This finding suggests that no only are happier entrepreneurs likely to score more highly on career success and the performance of their firms, they are more likely to have higher levels of grit — focus and persistence in the pursuit of long-term goals. Results also indicated that higher levels of differentiation of self significantly contributed to entrepreneurs’ grit — which, in turn, leads to higher levels of entrepreneurs’ success. This is, to the best of our knowledge, the first study to test the theorized relationship between differentiation of self and being goal directed (operationalized as grit -- perseverance in the pursuit of long-term goals). As such, in addition to contributing to the literature on self-regulation of entrepreneurs, our findings contribute to family systems theory by providing support for this theorized but (to the best of our knowledge) previously untested relationship. Furthermore, this study suggests that differentiation of self is an antecedent to self-regulatory factors. There is emerging evidence that entrepreneurs’ self-regulatory abilities influence important entrepreneurial outcomes (e.g. Bryant, 2009; Nambisan & Baron, 2013). However, the origins (antecedents) of self-regulation have been empirically less clear.

Practical implications suggest that increasing levels of entrepreneurs’ differentiation of self will improve their ability to be self regulated, which will increase their levels of performance and success. Although an individual’s basic level of differentiation of self is fairly well established by the time they reach adulthood, Bowen also described a functional level of differentiation of self that is more state-like, and tends to fluctuate based on external influences (Bowen, 1976). Furthermore, studies have identified skills training and techniques that can increase one’s functional level of differentiation, and effortful increases in one’s functional level result in increases in one’s basic
level of differentiation of self (e.g. Griffin & Apostal, 1993; Johnson & Buboltz, 2000). This study provides evidence that differentiation of self is a concept relevant and important to entrepreneurs’ self regulatory behaviors, in addition to providing evidence that self regulatory factors contribute to entrepreneurs’ performance and success. By identifying an antecedent to self-regulation that can be improved upon and increased, we identify means by which entrepreneurs can improve their self-regulatory behaviors and thereby increase their chances of success.

CONTACT: Rebecca J. Franklin; rebecca@researchentrepreneurship.com; (T) 709-770-2688; Memorial University of Newfoundland, Faculty of Business Administration, St. John’s, NL Canada A1B 3X5.