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GOAL STRIVING IN REAL TIME AMONG NASCENT ENTREPRENEURS

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Abstract

Goal striving, the enactment of goals, is central to new venture creation. Two studies enable a longitudinal and detailed exploration of nascent entrepreneurs’ goal striving. Quantitative results from PSED I show nascent entrepreneurs continuously strive for some goals while other goals are accomplished or abandoned and new goals are added across a twenty-four-month period. Qualitative results from learning journals illustrate how goal levels, goal specificity, number of goals, and goal attainment influence the success or failure of venture creation. Combined these results provide insight into entrepreneurs’ goal striving process and entrepreneurs’ behavior.

Introduction

In new venture creation, entrepreneurs’ motivation acts as an antecedent and facilitator of behavior throughout the process (Dunkelberg, Moore, Scott, & Stull, 2013). Although the general impact motivation has on entrepreneurs’ choices, intentions, and behaviors is acknowledged in the entrepreneurship literature (Bird, 1989; Naffziger, Hornsby & Kuratko, 1994), the specific impact motivation has on behaviors in the new venture creation process is not well understood and has received scant attention from entrepreneurship scholars (Shane, Baum, & Collins, 2003).

Motivation is inferred from the direction, intensity, and persistence of efforts. The centrality of motivation in the organizational behavior and psychology literatures reflects its explanatory power of human behavior. The motivation literature shows that goals are “internal representations of desired states” (Austin & Vancouver, 1996, 338) or “something an individual wants to attain” (Locke & Latham, 1990, 7). As such, goals are at the center of most, if not all, motivation theories (Mitchell, 1997). Scholars point out that motivation consists of two components: goal setting and goal striving (James, 1890; Gollwitzer, 1990). Goal setting has dominated the motivation literature thus far (Locke & Latham, 1990, 2004), resulting in researchers focused on empirical testing of goal setting, or parts thereof (Steers, Mowday, & Shapiro, 2004).

Goals and intentions are related but distinct constructs. A goal refers to a desired end state, while intention refers to a mental state representing a commitment to carry out an action in the future. These two constructs are related with respect to a focus on the future and in they only imply action. While intention has dominated the entrepreneurship literature, goal striving holds potential to better explain entrepreneurs’ behavior because it is focused on the actions taken to achieve a goal.

The purpose of this research is to examine nascent entrepreneurs’ goal striving. Specifically, the primary purpose is to explore entrepreneurs’ actions as they seek to achieve the goal of new venture creation using nascent entrepreneurs’ self-reports. A secondary purpose is to explain how some but not other nascent entrepreneurs successfully launch new ventures by examining
their goal striving. This study advances the literature on entrepreneurs’ behavior by evidencing successful entrepreneurs’ goal striving is characterized by breaking goals into a larger number of smaller, more specific, and actionable goals that are pursued simultaneously.

**Entrepreneurs’ Goal Striving Process**

The goal striving process model proposed is as follows: entrepreneurs’ initial perception of the dimensions of their self-set goals influences their perceived goal striving progress and, in turn, perceived goal attainment. This goal striving process model is based on three constructs: (1) goal dimensions (Locke & Latham, 1990; Vroom, 1964); (2) goal striving progress (Carver Scheier, 1998; Powers, 1973, 2005); and (3) goal attainment (Locke & Latham, 1990).

**Goal Dimensions**

Goal dimensions refer to an entrepreneur’s perception of his or her goal (Austin & Vancouver, 1996). Goal setting theory and expectancy theory (Locke & Latham, 1990; Vroom, 1964) illustrate that a key aspect in goal setting is goal content: “the object or result being sought” (Locke & Latham, 1990, 25). Goal content includes two dimensions: goal difficulty (that is, the perceived amount of task proficiency needed for goal attainment) and goal specificity (that is, the entrepreneur’s rating of perceived goal clarity).

**Goal Striving Progress**

In situations such as new venture creation the goal striving progress is a complex phenomenon (Austin & Vancouver, 1996). This is in part because it depends on interim thoughts and behaviors directed toward the attainment of multiple intermediate goals (Carver & Scheier, 1998). Progress assessment is particularly important in situations in which multiple goals are pursued simultaneously and entrepreneurs have to make decisions regarding allocation of efforts (Naylor & Ilgen, 1984). In addition, an entrepreneur is continuously required to make decisions on how and where to direct efforts toward the goal striving progress (Austin & Vancouver, 1996). Goal striving is a continuous process that is based on feedback control (Carver & Scheier, 1990; Vancouver, 2005). It is essentially an internal guidance system that results in behavior (Higgins, 1987). The goal striving process is based on a hierarchy of goals and feedback from each level in the hierarchy (Powers, 1973, 2005). At each level, the process is based on a comparison of a person’s perception of the situation and a reference point—that is, a desirable state or outcome, the goal. The person’s perception of the situation is based on a combination of environmental factors, outside influences, personal experiences, etc. When compared, these two may result in behavior. If these two are aligned, no action is taken. In contrast, if the two are not aligned, action is taken by the entrepreneur to reduce the discrepancy. The output of this process then alters to the person’s perception of the situation, and the process is repeated based on the revised perception of the situation until the discrepancy is minimized to an acceptable level or eliminated (Carver & Scheier, 1990). This process guides entrepreneurs’ behavior and progress towards goal attainment (Locke, Shaw, Saari, & Latham, 1981).

To launch a new venture, entrepreneurs pursue multiple goals simultaneously. Consistent with the fundamental assumption of feedback control (Carver & Scheier, 1990), Powers (1973, 2005) argues that there are multiple (as opposed to a single) feedback loops operating simultaneously. Further, he argues that these feedback loops are ordered into a hierarchy, prioritized in terms of immediate importance when he points out that the output of a superordinate feedback loop
provides, or resets, the reference point of the next lower level feedback loop, the goal of the next lower level. Such observation implies the reference point depends, at least in part, on previous perceptions and actions that have been proven to reduce the perceived discrepancy between the person’s perception of the situation and the reference point. Powers (1973, 2005) also observes that a reference point that is specified as behavioral outcomes becomes more concrete and actionable as a person moves to lower levels in the hierarchy of goals. Lastly, he suggests that the behavioral output at the highest level provides reference points for the next lower level and that the character of the output at one level and resetting of the reference point, the goal, at the next lower level is maintained throughout the hierarchy, making it a hierarchy of goals. Similar arguments are inherent in Action Identification Theory (Vallacher & Wegner, 1987, 2012).

Placing this goal hierarchy process in the context of entrepreneurs’ goal striving may be described in a sequential fashion. A person first establishes a goal of being happy. In the pursuit of happiness, the person then considers family, leisure activities, time, employment, and more. At the next lower level pertaining to employment, the person may choose organizational employment or self-employment. If the choice is self-employment, the options may include buying a business or creating a new venture. As this sequential pattern illustrates, the goals become more specific and actionable as the entrepreneur moves to lower levels in the hierarchy of goals.

**Goal Attainment**

Goal attainment is typically referred to as goal-directed performance, the outcome of goal-directed behavior (Klein & Kim, 1998; Sagie, 1996). In effect, goal attainment answers the question “to what degree has the goal been accomplished?” In entrepreneurship, goal attainment can be assessed by considering whether the goals set forth in a business plan have been accomplished or not, such as whether or not the first sales has been made or the new venture is launched. In situations in which goal striving is continuous, goal attainment may be considered in terms of an estimate of goal attainment (Austin & Vancouver, 1996). As this shows, it is entrepreneurs’ perception of goal attainment that is important.

**Method and Results**

Two independent studies form the basis for this research. First, the PSED I data across multiple waves pertaining to the nascent entrepreneurs’ start-up activities (Reynolds & Curtin, 2009) were used to map entrepreneurs’ goal striving behaviors longitudinally. Second, data from learning journals with weekly entries were used to obtain more detailed, real-time, longitudinal data on the goal striving process.

**Study One: Method**

Nascent entrepreneurs in the PSED I dataset were identified. The sample (n = 438) excluded individuals that reported achieving positive cash flows from for greater than 90 days, women and minority oversamples, and control group participants. Behavior-based performance measures were then identified (e.g., “Have you started any marketing or promotional efforts?”) to determine when the behaviors took place based on prior studies exploring start-up event sequences (Carter, Gartner, & Reynolds, 1996). Frequency counts across the initial responses and the twenty-four month follow-up were used to explore if systematic patterns of goal striving emerged among the nascent entrepreneurs in their pursuit of creating a new venture.
Study One: Results

The initial sample of 438 nascent entrepreneurs in the PSED I data had undertaken several start-up activities. Their financing activities were as follows: 88.1% of the nascent entrepreneurs reported personally investing money at the outset of the venture and 66.8% of the nascent entrepreneurs conveyed they were actively saving money to invest in the business. The frequency regarding start-up activities pertaining to market opportunities, the data showed that 86.8% of nascent entrepreneurs had spoken with potential customers or gathered information about the competition in an effort to define the market opportunity. Turning attention to other start-up activities, 70.8% of the nascent entrepreneurs had purchased raw materials, inventory, supplies, or components. Among the lesser frequent start-up activities, the nascent entrepreneurs had prepared a business plan (60.4%), started marketing or promotional efforts (58.9%), had organized a start-up team (58.6%), or bought, leased or rented major facilities, pieces of property, or equipment (50.3%).

Comparing these frequencies with the frequencies with the nascent entrepreneurs who persisted in creating a venture twenty-four months later, their goal content and their focus in goal striving appear to have changed. While similar to the outset, 82.6% of the nascent entrepreneurs had personally invested money into the venture; several other start-up activities were less frequent twenty-four months into the start-up process. Only 35.0% of the nascent entrepreneurs actively saved money to invest in the venture. Less frequent were nascent entrepreneurs who had spoken with potential customers or gathered information about the competition to define the market opportunity (57.1%). Also less frequent were purchase of raw materials, inventory, supplies, or components (48.4%); start of marketing or promotional efforts (44.0%); bought, leased or rented major facilities, pieces of property, or equipment (34.3%); or having organized a team (26.6%). By contrast, more frequent were nascent entrepreneurs who had prepared a business plan (73.4%).

Study Two: Method

Students participating in a one-year graduate program in entrepreneurship and working in teams provided the data for the second study. The purpose of the program was for the students to launch a new venture during the second half the year – that is, between the months of December and May. The students were encouraged to make weekly entries in learning journals to track their progress and learning. These learning journals provide information as to what, who, and why with respect to the students’ start-up activities. These activities were categorized into ten main categories and 71 sub-categories. Based on the 775 journal entries and in order of frequency, the ten main categories are as follows: business planning (472), marketing (408), product development (280), organizational establishment (152), finance and investments (142), learning (112), inactivity (53), sales and offers (43), product or project change (38), and legal (32).

To enhance the relevance of a limited number of cases, a polarized sampling approach was employed (Pettigrew, 1988; Eisenhardt, 1989). Cases were matched with respect to the business type and differences in outcomes (end status of the venture creation in May). Based on these criteria, four cases were selected for this research. This approach to identification and use of learning journals enabled a fine grained, real-time, longitudinal research design to obtain more detailed insights into the goal striving process – that is, the dynamic interactions between goal setting, goal striving, and goal attainment.
Two cases were from technology-oriented ventures (Night and Positioning) and two cases from marketing-oriented ventures (Free and Advertising). Each venture team was composed by people from more than one country. Across the four teams there were people from Australia, Canada, Germany, Poland, Sweden, and USA ranging in age from 22 to 30. At the end of the one-year program in the month of May Night and Free were active and had substantial funding and substantial sales, respectively, while Positioning and Advertising were both abandoned and neither had any funding or sales.

Study Two: Results

The qualitative data from the four cases illustrate that nascent entrepreneurs’ goal striving process is based on pursuit of multiple goals simultaneously and feedback on goal attainment influence goal setting for revised or new goals – the reference points for the next stage of the goal striving process and feedback loop. While all the entrepreneurs experienced frustrations with start-up activities and they all shifted from planning-oriented goals towards performance-oriented goals pertaining to financing and sales, they differed with respect to goal setting, goal striving, and goal attainment. These differences are evident in their use of goals to direct their behavior. It is especially evident with respect to goal setting and goal specificity.

For example, the technology entrepreneurs (Night and Positioning) differ with respect to the number of set goals and goal specificity. According to Nic, the goals for week two in December at Night were “Get five sample dark videos from different sources (iPhone, point and shoot camera, professional camera etc.) and with different compressions to test the algorithm; brainstorm names and website domains for the company; work on the company logo; get in contact with a programmer who can perform the algorithm update and assess the cost; launch a Google ad word campaign to test the demand in the market for our technology”. In contrast, the goals set for the same time period for Positioning, which was abandoned, were according to Paul: “we hope to get approval for our business from our program coordinator and also set up a series of goals that we would like to accomplish in the month of December.”

A similar pattern was evident for the two marketing cases (Free and Advertising) and across the two types of ventures. For example, in May (the last month of the program), Frederik from Free listed 54 discrete and specific goals for his team to pursue in the following week while Anders from Advertising, which was abandoned, lists at the end of April one last goal for the next week: “work with the business plan since it has to be handed in next week.” This illustrates that in contrast to the entrepreneurs who abandoned their ventures, successful entrepreneurs exhibited a consistent pattern of continuously setting a large number of specific, actionable goals in their goal striving process.

Discussion

Pursuing the goal of creating a new venture is a complex undertaking. As a part of the new venture creation process, entrepreneurs break the overall goal of launching a new venture into a (large) number of smaller, more specific, and actionable goals that they pursue simultaneously. The pursuit of multiple goals simultaneously increases the complexity of goal striving (Austin & Vancouver, 1996). The purpose of this research is to examine similarities and differences in nascent entrepreneurs’ goal striving to better understand entrepreneurs’ behaviors. A secondary purpose is to explain how some but not other entrepreneurs successfully launch new ventures.
Based on the data from PSED I, there seems to be a change in nascent entrepreneurs’ actions from planning to performance across a twenty-four month period. This change in goal orientation was also evident in the learning journals from the nascent entrepreneurs participating in a one-year master’s program aimed at launching new ventures. This indicates that goal content is important in the pursuit of new venture creation which is consistent with goal setting theory (Locke & Latham, 1990).

Also consistent with goal setting theory and expectancy theory (Locke & Latham, 1990; Vroom, 1964) is that goal difficulty and goal specificity appear to be essential aspects of goal striving. The results show that as the entrepreneurs break goals into a large number of smaller, more specific, and actionable (and presumably less difficult) goals, they are more successful in attaining (higher level) goals and, in turn, the overall goal of launching the new venture. This is consistent with the hierarchy of goals proposed by Powers (1973, 2005). The results are also consistent with feedback control (Carver & Scheier, 1990; Vallacher & Wegner, 1987, 2012) inherent in the hierarchy of goals and the goal striving process as the successful nascent entrepreneurs obtained clearer feedback on their goal attainment and were better able to adjust their actions based on setting a larger number of smaller, more specific, and actionable goals.

The findings illustrate that successful entrepreneurs pursue multiple smaller, more specific, and actionable goals simultaneously in their goal striving towards launching a new venture. It also provides support for the goal striving process is based on a hierarchy of goal and feedback control. Collectively, the findings of this research elucidate entrepreneurs’ behavior; specifically how and why entrepreneurs behave differently and take different paths in the new venture creation process. In doing so this research also provides an explanation of why some entrepreneurs are successful while others are not in creating new ventures; an issue driving entrepreneurship research (Baron, 2002). Consequently, this research advances our understanding of entrepreneurs’ behavior by showing how successful entrepreneurs’ goal striving is characterized by breaking goals into a larger number of smaller, more specific, and actionable goals that are pursued simultaneously.

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