

Psychological Training to Increase Entrepreneurial Success

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Business schools and training institutes compete with each other in a tight market to produce training concepts for entrepreneurs. Surprisingly, there are very few studies, however, that test the efficacy of such training approaches. Moreover, the trainings themselves are often not based on evidence from the entrepreneurship literature and on evidence for good training design.

In this talk, I shall present a training concept based on evidence from training studies as well as from the entrepreneurship literature. One center piece is personal initiative (PI) which is related to entrepreneurial success. PI is behavior characterized by its self-starting nature, its proactive approach, and by being persistent in overcoming difficulties that arise in the pursuit of a goal. Empirically, PI was significantly related to economic success in various studies in Africa and India. Proactiveness (one component of PI) has been consistently linked to business performance in the literature on entrepreneurial orientation.

Our training model included the following training components:

Innovation is the introduction of products, processes or procedures that are new to the context. It consists of two components – a creative idea and the implementation of the idea. PI is intertwined with innovation because PI is usually about self-starting which invariably consist of something new (at least locally) and about the implementation phase (overcoming barriers). Empirical evidence support the importance for innovativeness for success. The training component ‘Innovation’ was to convince the participants to invest more time and effort into producing innovative solutions and to teach them methods and techniques to be more creative and innovative.

Proactive Goal Setting: Specific and challenging goals have been shown to increase performance in organizational settings by increasing persistence, directing attention, and mobilizing effort. Baum et al. found significant causal relationships for goal setting and visions with venture growth. It follows, that owners who aim for high and specific goals and who are able to communicate these goals are more successful than owners with low and unspecific goals. The concept of PI emphasizes the importance of self-starting goals, of long term goals and of thinking about long term problems and opportunities that need to be included into goal setting and planning. Combining this with the goal setting literature emphasis on specific and challenging goals makes sense and is useful. Moreover, both goal setting and PI theory posit that self-efficacy is one of the prerequisites of following challenging goals. The training module of proactive goal setting focused on maximizing the positive effect of goals by developing specific, time-bound, and challenging goals to which the participants felt highly committed: In the first step, the participants were asked to write down their current business goals, in a second step we gave them the chance to compare these goals to goals that are highly motivating. The participants were asked to actively develop sub-goals for their goals (to increase specificity and to make planning possible). To support immediate transfer and to increase their action orientation with implementation intentions, we asked the participants to formulate short-term goals which they could implement within the next week.

Proactive Planning. Goal setting and planning are interrelated. Therefore, training component ‘proactive goal setting’ included planning as well. One of the issues that involved both goal setting and planning was the personal project. Participants were asked to develop such a personal business project and to plan to implement it within two months to a year. To be action-oriented we requested the participants to focus on the first step which they would implement within the next week (this short-term goal was already developed in the goal setting module). Participants were to generate a detailed plan for their own business as well.

Time Management. Time management is related to one aspect of planning – planning of time and coping with lack of time. Using time management, owners actively identify important tasks, set priorities and plan their daily business according to the importance of tasks – thus, there is also some relation to PI. Our training component ‘Time Management’ was supposed to help participants to use their time more efficiently. Participants classified their business tasks and customers into three different priorities (A, B and C). This classification enabled the participants to identify the most important tasks and customers. The trainer pointed out how important it is to spend most of the time on the so-called A-tasks and A-customers. Prioritizing is also involved in the differentiation between importance and urgency of tasks and sticking to the important tasks.

Action Training. Action training has been shown to be useful in the context of learning. The components of action training to develop an action oriented mental model, to develop routines of the newly acquired behaviors, to learn by doing, to motivate by experiencing the difference between present state and future goals (‘experiential method’), and to provide feedback in training and to support transfer.

The training has been shown to lead to long term in two studies in Germany and in South Africa, more than doubling the sales volume of the participants of the training in South Africa and leading to a significant increase of number of employees in Germany – this was in contrast to the comparison groups which did not increase their sales levels nor their number of employees.