



Performance or learning goal orientation: Implications for business performance[☆]



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ABSTRACT

An organization's long-term effectiveness and efficiency reflect its learning goal or performance goal orientation. Goal orientation concepts originate in psychology of achievement motivation theory. Goal orientations drive the development and deployment of organizational capabilities, such as market orientation and innovativeness to achieve organizational performance outcomes. Extant research pays little attention to whether or not industry type (services or manufacturing) operates as a significant moderating factor in the relationships among an organization's capabilities, goal orientation, and performance outcomes. This study addresses this gap. The study results indicate a significant moderating effect of industry type on relationship between goal orientation and performance but not between goal orientation and either market orientation or innovativeness. Goal orientation appears to be more important for service industries than for manufacturing.

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1. Introduction

The ultimate objectives of commercial organizations are to efficiently serve and satisfy customers, and to make a profit (Doyle & Hooley, 1992). These objectives are in line with the desires of the firm's shareholders and other stakeholders (Doyle & Hooley, 1992; Fiol & Lyles, 1985). A principal antecedent to achieving these objectives is an understanding of the organization's overall orientation. This research focuses on understanding a firm's orientation using a goal orientation construct. Research on achievement motivation theory in psychology, subdivides goal orientation into learning goal orientation and performance goal orientation (Ames & Archer, 1988; Dweck, 2000; Dweck & Elliot, 1983). Such goal orientations are instrumental in how an organization determines to deploy its organizational capabilities, such as market orientation and innovativeness, in pursuit of its objective of achieving superior performance. The type of industry (services versus manufacturing) in which an organization operates influences its goal orientation and the resulting deployment of firm capabilities.

The organization of the paper is as follows. The paper first commences with a discussion of achievement motivation theory and its extension from the individual to the organization. The paper proceeds

with a discussion of association between market orientation and innovativeness as strategic orientations to business performance (Baker & Sinkula, 1999; Narver & Slater, 1990). The discussion focuses then on industry type as an important moderator in the relationships between goal orientation and strategic orientation and firm performance. Next, the paper presents research methodology, results and discussion. Finally, the paper discusses the contributions of the study noting the limitations and directions for future research.

2. Literature review

2.1. Goal orientation

Achievement motivation theory underpins organizational goal orientation of this study. In developing the achievement motivation theory researchers examine the motivations of students (who had equivalent IQ and performance standards) in solving difficult tasks (Diener & Dweck, 1978, 1980; Payne, Youngcourt, & Beaubien, 2007). Based on the students' reactions to the task, the researchers divide the students into two groups: "helpless" and "mastery".

The research characterizes the "helpless" group as being performance goal oriented. These students blame their inability to solve problems on their low skills and the difficulty of the task itself, and give up far too quickly attempts to solve the tasks (Diener & Dweck, 1978, 1980; Elliot & Dweck, 1988; VandeWalle, 1997). Such students also show "denigration of their intelligence, plunging expectations, negative emotions, lower persistence, and deteriorating performance" (Dweck, 2000: p. 6). All of these attributes are due to the students' perception that they have no control over the outcomes of the problems and they can do nothing to mend the situation (Kuhl, 1981). These characteristics

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are congruent with the students' perception that their intelligence is fixed and an uncontrollable attribute (Chen & Mathieu, 2008; VandeWalle & Cummings, 1997).

Consequently, those in the “helpless” group believe that their intelligence has reached its maximum. Additionally, by giving up these students avoid facing continuous failure and a “further documentation of their inadequate ability” (Dweck & Leggett, 1988: p. 258). For this group, “they must look smart and, at all costs, not look dumb” (Dweck, 2000: p. 3). They prefer to be in situations where they can outperform others, and try very hard to avoid negative judgments (Dweck, 2000).

In contrast, instead of trying to demonstrate their competency, the “mastery” group students are persistent in attempting to solve the problems, and they display characteristic of being learning goal oriented (Dweck, 2000). To such students, difficult tasks are opportunities to develop their competency through task mastery (Diener & Dweck, 1980; Kanfer, 1990; VandeWalle, 1997), and difficult tasks present opportunities to explore new ways of performing the tasks (Chen & Mathieu, 2008). This notion is congruent with such students' perception that their intelligence is not fixed; it is a malleable attribute. The “mastery” students view the development and improvement of their intelligence as being possible through effort and continuous learning (Dweck, 2000). VandeWalle and Cummings (1997) assert that learning oriented individuals believe that their efforts will lead them to success. Such efforts, they note, are “a means for task achievement and a means of developing the ability needed for future task mastery” (p. 391).

This study acknowledges different interpretations and dimensions of learning and performance orientations in goal orientation. For instance, many highlight on the stability trait of goal orientation that reactions of learning or performance orientation are in tandem with a different set of goals observed in achievement situations (e.g., Ames & Archer, 1988; Diener & Dweck, 1978; Dweck, 1986). Individuals also could have multiple competing goals that will lead them to be high on both learning and performance (Button, Mathieu, & Zajac, 1996) that it is “possible for an individual to simultaneously strive to improve one's skills and to perform well relative to others” (p. 28). Many also regard performance goal orientation as multidimensional (e.g., Elliot & Harackiewicz, 1996; VandeWalle, 1997). Elliot (1994) for instance, labels performance goal orientation as performance approach goals and performance avoidance goals. These characteristics resemble prove performance goal orientation and avoid performance goal orientation (VandeWalle, 1997). The motivation behind the former is not only to prove the ability but also to gain positive judgment. The latter, on the other hand, is to avoid showing the incompetence and negative judgment.

Relatively recent research extends the framework of performance goal and learning goal orientation to the marketing field but only with respect to salespeople's behavior and performance (Kohli, Shervani, & Challagalla, 1998; Sujana, Weitz, & Kumar, 1994). This study extends that framework to an organization as a whole by viewing the firm's goal orientation as an organizational characteristic in the same way a student's goal orientation is viewed as a characteristic of the student in achievement motivation theory. The principal respondent in this study is the CEO as a representation from the organization. The CEOs face similar challenges as the students and their goal orientation has implications for their personal and organizational outcomes. Hereinafter learning goal orientation is referred to as “LGO” and performance goal orientation as “PGO”.

2.1.1. Organizations high on leaning goal orientation (LGO)

Organizations high on LGO recognize that their skills and competencies are changeable and improvable through effort, experience, and exploration (Dweck & Leggett, 1988). Such organizations create work environments that are supportive of learning in order to master the skills and capabilities required for organizational effectiveness (Elliot & Dweck, 1988). Organizations high on LGO improve their competencies

by taking advantage of new opportunities to acquire new skills and develop deeper knowledge. In addition, these organizations have positive attitudes toward all tasks regardless of difficulties (VandeWalle, 1997). The possibility of success or failure challenges them to continue to improve their learning.

Organizations high on LGO, with their emphasis on skill mastery, engender positive attitudes toward changes in the environment and adjust when confronted by environmental turbulence (Dweck, 2000; VandeWalle & Cummings, 1997). Such attributes suggest that organizations high on LGO have positive perspectives toward long-term success through continuous exploration and experimentation. Exploration involves a motivation to understand the potential future, an investment of resources in advance of market opportunities, and a dedication to improve and develop competences that will serve the organization more effectively in the future. An organization high on LGO will not, however, ignore current circumstances but rather regard such circumstances as challenges in its ongoing effort to manage the future through developing new skills, competences, and possibly redeploying existing resources to meet such challenges (Teece, Pisano, & Shuen, 1997).

2.1.2. Organizations with high performance goal orientation (PGO)

Organizations high on PGO stress demonstration of excellent organizational ability and normatively high performance outcomes vis-à-vis their competitors (Ames & Archer, 1988). As such, an organization high on PGO benchmarks its abilities and success against its competitors and its own performance in previous periods (Nicholls, 1984). Therefore, an organization high on PGO gives attention to high proficiency and high ability compared to others in its industry via exploitation of its existing resources and capabilities. Such organizations do not tolerate market failures since they can jeopardize organizational performance. Therefore, organizations high on PGO focus on tasks they are best at and have done well at in the past. This focus is fundamental to a firm's success and its ability to outperform its competitors.

While organizations high on PGO are productive in the short run, they may be maladaptive to changes in the business environment in the long term. Their focus on exploitation of existing resources and capabilities is closely associated with defender strategies in the Miles and Snow (1978) typology. The primary focus is on efficiency gained from tried procedures, experience and stable environment to outperform current competitors. Therefore, besides exploiting scale and scope economies, these organizations only use technologies well known to them. Organizations high on PGO generate improvement in customer value by refining its current knowledge and improving the techniques in use (Schumpeter, 1961). These organizations seek incremental improvements, and activities consistent with and pertinent to the current systems (Dewar & Dutton, 1986). Wright, Kroll, Pray, and Lado (1995) characterize these organizations' mindset as inflexible or non-adaptive. Nevertheless, they are potentially effective in stable environments that are less risky and have predictable short-term outcomes. The major weakness of a PGO approach is evident in the face of environmental change. Organizations high on PGO may fail to adapt to changing market needs that could potentially threaten the survival of the organization especially if such change is rapid and turbulent, and the organization's other adaptive mechanisms are weak.

2.1.3. Goal orientation and organizational orientations

This study extends the areas of investigation by seeking to understand the implications of goal orientation on two key organizational orientations: market orientation and innovativeness. These orientations capture organizational approaches to their markets and innovativeness. To some extent, senior management influences these mindsets and they could lead organization to success. A brief review of the orientations follows in the following sections.

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