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Personal initiative training for small business owners

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ABSTRACT

Research shows that personal initiative is important for small business owners' success (Frese, 2009). An intervention study in Germany evaluated a 3-day personal initiative intervention program for small scale business owners. This intervention consisted of a training that taught a proactive, self-starting approach to planning, innovation, time management and goal-setting and the ability to overcome barriers. A before-and-after design was used for the training group ($N=36$); the dependent variable was employment growth which we also measured in a comparison group ($N=97$). Measures were ascertained before the intervention, directly afterwards and 1 year after the training. We found positive changes after the training and the participants of the training group employed about 20% more employees after the training than before or than existed in the comparison group. Positive effects occurred on all four of Kirkpatrick's (1975) evaluation levels: reaction, learning, behavior-based, and success measures.

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1. Introduction

Developing skills for high performance is a central area for industrial and organizational psychology and in entrepreneurship research. Studies on employees and entrepreneurs have shown that personal initiative is an important facet of performance (Tornau and Frese, 2013). Frese (2009) has argued that a central element of entrepreneurship is the active nature of the entrepreneur and he uses personal initiative to understand the implications of an active approach to entrepreneurship. We concentrate in this research on personal initiative which is characterized by a self-starting, proactive (long-term oriented) approach that is persistent in overcoming difficulties (Bindl and Parker, 2010; Frese and Fay, 2001).

This paper presents an intervention aimed at increasing personal initiative of owner/managers of firms and leading to positive performance effects for these firms. We believe it is important to be highly specific in an intervention and to be theory driven because normal entrepreneurship courses without a specific skills approach show usually low or no effect in meta-analyses (Bae et al., 2014; Martin et al., 2013). Our intervention focuses on competencies and skills related to the development of initiative. It attempts to increase innovativeness, proactive goal-setting and visions, proactive planning and customer relations, and time management. Innovativeness implies to be self-starting in implementing something new. Proactive goals and plans relate to future opportunities and problems. Time management is one aspect of proactive planning

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Table 1

Facets of action training (Frese et al., 2003; Frese and Zapf, 1994; Glaub et al., 2014; Semmer and Pfäfflin, 1978).

Using principles of action to develop an action-oriented mental model	An action oriented mental model: This cognitive representation is based on principles of actions ("rules of thumb") that are derived from scientific knowledge
Learning by doing	Active and exploratory approach to learning from action ^a guided by the principles of action; the cognitive apparatus is built for action; therefore, exercises have to be connected to principles of actions which can only be learnt, when connected to actions
Feedback	Both positive and negative feedback is provided by the trainer in a functional way ("your use of emphasis has been good, however, you need to use more emotional words to describe your product to convey your message to the customer better"). Negative feedback is given in contrast to classical learning theory on the basis that this feedback has a positive motivational and cognitive effect (understanding, how not to do certain things and being motivated that one still needs to improve skills); also important learning from errors
Supporting transfer	Transfer is part of training by designing exercises to be concerned with real life tasks (identical elements), by using principles of actions because they can be adjusted to real life tasks (principles of action), by encouraging participants to think of examples how they can use what they have learnt in training, by increasing motivation to transfer (application contract on when and how to use skills acquired in training)
Necessity to routinize behavior	Action theory (Frese and Zapf, 1994) argues that new skills developed during the training will compete with old skills that have been routinized. Therefore, routinization of the new behavior needs to be encouraged both in the exercises and afterwards

^a Action training is not the same as action learning (Conger and Benjamin, 1999; Revans, 1982); the major difference is that action training is based on scientific principles and does not encourage trial-and-error learning although both training concepts have an exploratory approach and learning by doing in common.

– planning of time and coping with lack of time. The training intervention uses an action training approach (cf. Table 1 for this approach). At the same time, the study done in a highly developed Western country serves as a generalization study to two other studies that have shown the efficacy of personal initiative training in entrepreneurship (Glaub et al., 2014; Solomon et al., 2013).

2. Personal initiative (PI) and owners' success

Personal Initiative (PI) is arguably at the core of what is demanded of successful business owners (Frese, 2009). PI-behavior characterized self-starting, proactivity, and overcoming difficulties (Frese and Fay, 2001). *Self-starting* implies that owners are not just waiting to see what others do, but start an action without being told or without an explicit role model. In contrast to employees, entrepreneurs need more personal initiative because they are not embedded in an organizational hierarchy or developed structures, standard operating procedures of a company like employees; thus there are fewer clear role requirements for entrepreneurs. Entrepreneurs need to pursue self-set goals that keep the owners ahead of their competitors, in terms of products, services, strategies to approach customers, getting information from customers, etc. A high degree of PI may be an important reason for first mover advantages (locally defined) (Lieberman and Montgomery, 1998). *Proactivity* implies a long-term focus (Grant and Ashford, 2008) which allows the entrepreneurs to recognize and exploit future opportunities; preparing for opportunities implies that one assembles resources now so that one is able to quickly make use of future opportunities (Dimov, 2007). Recognizing and exploiting opportunities are the essence of entrepreneurship (Shane and Venkataraman, 2000). The same applies for a proactive stance with regard to problems. Owners should prepare to deal with future problems now and should not wait until they have to deal with them. *Overcoming barriers or persistence* is usually necessary to reach one's goal. Persistence has been conceptualized to be an important part of entrepreneurship since Schumpeter described entrepreneurial industrialists (Schumpeter, 1935). Whenever new ideas are pursued, adversity needs to be overcome; particularly new goals do not always work, adjustments are necessary, and sometimes owners have to backtrack. Technical, bureaucratic, organizational, and customer related barriers may appear. In spite of these barriers, business owners should stay on track by persisting to pursue their goals.

Empirically, PI was significantly related to economic success in various studies in Africa, USA, and Europe (Spencer and Spencer, 1993; Glaub et al., 2014; Krauss et al. 2005; Solomon et al., 2013). Proactiveness (one component of PI) has been consistently linked to business performance in the literature on entrepreneurial orientation (Lumpkin and Dess, 1996; Rauch et al., 2009). Thus, it makes sense to put PI at the center of a psychological training for business owners.

3. Training intervention

We now introduce the training components, their relevance for small and medium-scale business owners and how they were trained (cf. Appendix for the training program; the order of description is not the order of presentation to participants).

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