WHAT DO YOU WANT AND HOW MUCH DO YOU WANT IT?
A STUDY OF ENTREPRENEURIAL GOALS AND MOTIVATION INTENSITY

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ABSTRACT

The literature on entrepreneurial motivation has focused on what motivates entrepreneurs. We extend this by using self-determination theory to focus on how motivated entrepreneurs are to expand our understanding of the effect of motivation on performance. We develop hypotheses specifying that motivation intensity, as measured by venture internalization, has a positive relationship with performance and that entrepreneurial goals moderate this relationship. Testing these hypotheses with a sample of 275 entrepreneurs, we find support for a direct relationship between motivation intensity and performance, which is negatively moderated by the extrinsic rewards goal and positively moderated by the family security goal.

Keywords: Self-determination theory, entrepreneurial motivation, entrepreneurial goals

1. INTRODUCTION

Motivation, one of the most researched topics in social sciences (Gatewood, Shaver, Powers, and Gartner, 2002), is also an important concept in entrepreneurship (Shane, Locke and Collins, 2003). Within the scholarship on motivation in entrepreneurship, the focus has been primarily on what motivates entrepreneurs, while largely ignoring how motivated entrepreneurs are. While understanding what motivates entrepreneurs is undoubtedly important, understanding how intensely motivated they are is necessary to gain real insights into the impact of motivation on performance, which is a critical outcome (Ajzen, 1991).

In an effort to understand the motivations behind entrepreneurial activities, researchers have studied entrepreneurial motivation through a variety of different lenses, such as expectancy theory (Manolova et al., 2007); opportunity versus necessity (Shinnar and Young, 2008); the theory of planned behavior (Wiklund and Shepherd, 2003); and the entrepreneurial goal approach (Kuratko, Hornsby, and Naffziger, 1997). While each of these perspectives may assist in developing an understanding of the role of motivation in entrepreneurship, to date they have been mostly unidimensional.

Within the literature on entrepreneurial goals, scholars have developed a variety of taxonomies that identify the goals of nascent entrepreneurs (Amit et al., 2000; Carter et al., 2003). Efforts to look at the goals of existing entrepreneurs, however, have been limited. The literature has identified four main goals that drive entrepreneurs to initiate and maintain their entrepreneurial activities: extrinsic rewards, intrinsic rewards, autonomy, and family security (Kuratko, Hornsby, and Naffziger, 1997). These four goals have been further validated in non-US contexts (Benzing, Chu, and Kara, 2009). The literature on entrepreneurial motivation has largely concentrated on what motivates entrepreneurs, focusing less on how intensely motivated entrepreneurs may be, providing a simplified picture of entrepreneurial motivation.

In this paper, we investigate the interplay of motivation intensity and entrepreneurial goals on performance in existing entrepreneurial ventures. We conceptualize motivation intensity on the basis of Self-Determination Theory (SDT, Deci and Ryan, 1985). SDT views motivation as an internal process which offers a powerful explanation of the strong, and at times even dysfunctional, nature of the connection that entrepreneurs frequently have with their ventures (Baron and Markman, 2000; Markman and Baron, 2003). We extend SDT to entrepreneurship and discuss the concept of motivation intensity as venture internalization, which describes the
phenomenon through which entrepreneurs allow the venture to become part of themselves (Ryan and Deci, 2002).

The paper is organized as follows. We first delve deeper into the literature and introduce the main perspectives on entrepreneurial motivation to date. This is followed by an introduction to self-determination theory whereby we explain how it can be applied to entrepreneurship. Next, we proceed to build our hypotheses linking motivational intensity and goals to venture performance, which we test using a sample of 275 American and French entrepreneurs. We subsequently discuss our results and offer suggestions for future research.

2. LITERATURE REVIEW

Motivation is an important topic in entrepreneurship (Markman and Baron, 2003; Markman, Baron, and Balkin, 2005; Shane, Locke, and Smith, 2003) and a key component of venture performance models (Herron and Sapienza, 1992). As a number of studies have empirically demonstrated, the relationship between entrepreneurial motivation and performance in entrepreneurial settings is overwhelmingly positive (Baum, Locke, and Smith, 2001; Baum and Locke, 2004; Markman, Baron, and Balkin, 2005). Most of the research on motivation is based on one or more of the following lenses: expectancy theory, the theory of planned behavior, the opportunity/necessity stream, and the perspective based on Kuratko et al.’s (1997) goals.

One perspective exploring entrepreneurial motivation includes theoretical and empirical work based on expectancy theory, which concentrates on the value of the outcome, and can be conceptualized as a goal directing behavior. A recent study combined this approach and social psychology to study the impact of networking and human capital on entrepreneurs’ growth expectancies (Manolova et al., 2007). Wiklund and Shepherd (2003) combined the goal approach with the theory of planned behavior and found that while growth aspirations (i.e., growth goals) are related to actual growth, this relationship is more complex than usually acknowledged. They identified the role that the entrepreneur’s background and environment volatility plays in the relationship between growth goals and growth.

The opportunity versus necessity (also known as push vs. pull) approach is another theoretical perspective that has been used to explore initial entrepreneurial motivations that looks at the alternatives available to entrepreneurs (Shapero and Sokol, 1982). According to this stream of research, there are two overarching reasons why entrepreneurs start their ventures: opportunity-based reasons (the opportunity is attractive) and necessity-based reasons (no other alternatives are available) (Shinhar and Young, 2008). To date, this approach has mostly focused on the motives for starting a venture and argued the effects of various personal and environmental variables in determining this.

Finally, the perspective on entrepreneurial motivation we draw from extensively in this study is identified by Naffziger et al.’s (1994) and Kuratko et al.’s (1997) work. They asserted, and found, four main goals that drive entrepreneurs to start and sustain their businesses. These four goals were identified as extrinsic rewards, intrinsic rewards, autonomy, and family security. Specifically, extrinsic rewards refer to wealth, intrinsic rewards refer to the challenge of entrepreneurship, autonomy refers to being one’s own boss, and family security refers to providing a safe future for family members.

The research stemming from Kuratko et al.’s (1997) goals concentrates on the reasons why entrepreneurs start and sustain their business. This literature has not looked at other dimensions of motivation, nor has it empirically linked motivation to performance. Thus, as can be observed, goals and motives have taken a central role in the study of entrepreneurial motivation to date. While this has provided valuable insights into entrepreneurial motivation, we argue that goals are related to the intensity of motivation that guides the entrepreneur’s behavior toward the venture. In fact, a stream of research has begun to emerge on entrepreneurial passion (Cardon et al., 2009), shedding some light on the relevance of high entrepreneurial motivation intensity.
Specifically, Cardon et al. (2009) proposed that entrepreneurial passion influences goal-related cognitions and entrepreneurial behaviors, which in turn impacts entrepreneurial effectiveness. This suggests that motivation goes beyond goals and also includes an intensity dimension and that these two dimensions combined may have an effect on subsequent performance. In order to combine the goal and intensity dimensions of motivation, we introduce self-determination theory as our theoretical framework in the next section.

3. SELF-DETERMINATION THEORY

SDT describes the process through which individuals take an object and allow it to become part of self. We argue here that self-determination theory (SDT) adds to the extant literature on entrepreneurial motivation because it enables a better understanding of how motivated entrepreneurs are. This process could well describe the special bond entrepreneurs form with their ventures, which, on the negative side, sometimes leads them to personal, social, and financial problems (Baron and Markman, 2000; Markman and Baron, 2003).

Self-determination theory (Deci and Ryan, 1985) is an organismic theory of motivation in that it views people as organisms that are actively looking for ways to satisfy needs. According to SDT, individuals are motivated to satisfy three basic needs (relatedness, competence, autonomy). Relatedness concerns an individual's need for interaction and connectedness to others whereas competence refers to the need to feel effective and capable of exercising and expressing one's capabilities (Ryan and Deci, 2002). The final need state, autonomy, relates to an individual's need to originate his/her own actions and behaviors (Ryan and Deci, 2002).

When applied to entrepreneurship, self-determination theory (SDT, Deci and Ryan, 1985) describes the process through which entrepreneurs allow their ventures to become part of self, leading to higher levels of motivation. More specifically, SDT views motivation on a continuum ranging from a motivation (i.e., complete lack of motivation), on the one end, to intrinsic motivation, which represents the highest level of intensity according to the theory, on the other. Movement on this continuum is captured by the concept of internalization, a proxy for motivation intensity (Ryan & Deci, 2002). Internalization occurs when basic individual needs (competence, autonomy, and relatedness) are satisfied by a specific object (here, the venture). We define venture internalization as the process through which an entrepreneur allows a venture to progressively become part of his/her identity, resulting in increasing levels of motivation intensity.

In order to better grasp motivation intensity, SDT further divides extrinsic motivation among four subcategories (Deci and Ryan, 1985), providing a better basis of observation for various levels of motivation intensity. External regulation is the most controlled form of extrinsic motivation, and occurs when a person is motivated to act because of an external demand or because they value a potential reward (Deci and Ryan, 1985; Ryan and Deci, 2000). Introjected regulation involves a higher level of internalization though the individual feels pressured into the action, such as with guilt and anxiety (Deci and Ryan, 1985; Ryan and Deci, 2000). Identified regulation happens when the person accepts the focal object as personally important (Deci and Ryan, 1985; Ryan and Deci, 2000). Finally, integrated regulation is reached when the object is fully associated with self. However, this extrinsic motivation level varies from intrinsic motivation because the object is not valued for its innate satisfaction, but rather for a separate outcome (Deci and Ryan, 1985; Ryan and Deci, 2000). When combined, these four regulations create a scale that captures motivation intensity (Ryan and Deci, 2002).

Within the broad scope of the theory, SDT researchers have discussed goals and considered their role in achieving outcomes. Specifically, they argued that different goals might provide varying degrees of need satisfaction (i.e., internalization) and varying levels of well-being (Deci and Ryan, 2000; Ryan, Sheldon, Kasser, and Deci, 1996). In contrast to the four goals that Kuratko et al.'s (1997) study identified as entrepreneurial goals, SDT has concentrated only on two broad categories of goals: intrinsic and extrinsic (Kasser and Ryan, 1993; 1996). Research guided by SDT found that intrinsic goals yield better consequences, such as better well being and
less distress, than extrinsic goals (Kasser and Ryan, 1996), while financial goals were associated with negative consequences (Kasser and Ryan, 1993). Integrating the two concepts from SDT (internalization and goals) enables the exploration of two dimensions of motivation: content and intensity. To provide consistency with the entrepreneurship literature, we focus on Kuratko et al.’s (1997) goals (extrinsic rewards, family security, autonomy, and intrinsic rewards) instead of the distinction between extrinsic and intrinsic goals embedded in the classical SDT approach.

4. HYPOTHESES

4.1. Venture internalization and performance
An important difference between entrepreneurs and managers is the degree to which they are invested in and committed to their ventures (He, 2008). As Markman and Baron (2005) found, entrepreneurs are more likely to persevere and have higher self-efficacy than non-entrepreneurs. The resulting high perseverance enhances entrepreneurs’ likelihood of outperforming others (Baum and Locke, 2004; Baum et al., 2001; Markman and Baron, 2003; Markman et al., 2005). These findings fit well with the extant entrepreneurial motivation literature, which posits that entrepreneurial motivation leads to venture performance (e.g., Shane, Locke, and Collins, 2003; Baum and Locke, 2004; Baum, Locke, and Smith, 2001). However, existing studies on entrepreneurial motivation overlook the role that motivation intensity plays in entrepreneurial venture performance.

SDT suggests that entrepreneurs who have internalized their venture to a greater degree will be more motivated than those who have internalized the venture less. For many entrepreneurs, the venture is more than just a business; it becomes an extension of who they are, and its performance becomes highly personal. The SDT literature suggests that higher internalization, which equates to higher motivation intensity, will lead to a greater effort, or in an entrepreneurial situation, the entrepreneur investing more time and effort into the venture (Deci and Ryan, 2000; Ryan and Connell, 1989; Ryan and Deci, 2000), which results in higher levels of performance (Deci and Ryan, 2000). We argue that highly internalized entrepreneurs associate with their venture’s successes and failures. As a result, the venture’s failure is perceived by the entrepreneur as a personal failure and its successes are also considered his/her successes. This has the effect of acting as an internal motivator to make the venture a success and to avoid failure at all cost. Thus, we hypothesize that entrepreneurs who have higher levels of venture internalization (i.e., entrepreneurial motivation intensity) will have better performing organizations (Deci and Ryan, 2000) than those with lower levels of venture internalization. Thus formally:

H1: There is a positive relationship between motivation intensity and performance.

4.2. Moderating effect of goals
Beyond the direct effect between motivation intensity and performance we argue for above, we argue below that each of the goals will moderate the relationship. Previous research has established that goals have a direct impact on performance (Baum, Locke and Smith, 2001; Vansteenkiste et al., 2007). We extend this line of reasoning to demonstrate that goals have an additional effect by moderating the impact of motivation intensity on performance. Also, the extant literature in entrepreneurship on goals has focused primarily on what motivates nascent entrepreneurs to initiate a venture (Benzing and Chu, 2009; Edelman et al., 2010) rather than the goals that are in place once the venture is up and running. As entrepreneurial goals change over time (Kuratko et al., 1997; Robichaud, McGraw and Roger, 2001), a focus on current goals adds richness to the analysis.

The classifications of entrepreneurial goals have tended to coalesce around a few common categories. Kuratko et al. (1997) found four entrepreneurial goals – extrinsic rewards (financial wealth), family security, autonomy, and intrinsic rewards. In the SDT framework, Kuratko et al.’s (1997) extrinsic rewards correspond to an extrinsic goal, while family security, autonomy, and intrinsic rewards are labeled intrinsic goals. Extrinsic goals are described as those concentrating on wealth and other external indicators of worth (Kasser and Ryan, 1993, 1996; Deci and Ryan, 2000), thus clearly relating to Kuratko et al.’s (1997) extrinsic rewards goal. On the other hand,
SDT describes intrinsic goals as relating to community contributions (parallel to family security), affiliation, and personal growth (parallel to intrinsic rewards goal and possibly autonomy), among others (Kasser and Ryan, 1993, 1996; Deci and Ryan, 2000). Family security, autonomy and intrinsic rewards can thus be categorized as various intrinsic goals. SDT researchers argue that intrinsic goals generally have positive outcomes because they lead to the satisfaction of basic needs, such as relatedness, competence, and autonomy (Kasser and Ryan, 1996). In contrast, extrinsic goals most often lead to negative outcomes because of increased involvement in the pursuit of immediate financial rewards, thus distracting from the satisfaction of basic needs (Vansteenkiste et al., 2007). Below we develop hypotheses about the moderating effects of extrinsic goals and intrinsic goals on the role of the entrepreneur’s internalization for venture performance.

4.2.1 Moderating effect of extrinsic goals. The literature holds that entrepreneur's extrinsic goals, which are oriented towards external recognition, wealth, or other indicators of worth (Kasser and Ryan, 1993, 1996; Deci and Ryan, 2000), are in general negatively related to performance (Cooper and Arzt, 1995), growth (Wiklund et al., 2003), and perceptions of success (Reijonen and Kompulla, 2007). This negative effect is largely because of the short-term orientation associated with extrinsic rewards, and is consistent with SDT's suggestion that extrinsic goals result in negative consequences (Kasser and Ryan, 1996). All of these studies, however, have focused on the direct effect of these extrinsic goals on performance. We seek to demonstrate that extrinsic goals also play a moderating role on the relationship between motivation intensity and performance.

Entrepreneurs’ extrinsic goals lead to their developing a high ego involvement (Vansteenkiste et al., 2007) focusing on outperforming and impressing others as a way of enforcing self-esteem, and undermining venture internalization. The more the entrepreneur has internalized the venture, the more detrimental the effect of having extrinsic rewards, such as money, as the driving goal will be on performance, because it focuses the organization primarily on short-term financial gains, rather than long-term survival and growth. It is well documented that new ventures need the entrepreneur to be focused on the long term, which means reinvesting into the business. Conversely, entrepreneurs with high ego involvement resulting from the extrinsic nature of the goal are less likely to have high performing ventures because the entrepreneur will constantly be seeking a higher level of extrinsic rewards. Formally:

H2a: The extrinsic rewards goal will negatively moderate the relationship between motivation intensity and performance. More specifically, for entrepreneurs with an extrinsic goal, the relationship between venture internalization and performance will be weaker.

4.2.2 Intrinsic goals. Most of the extant research on the various intrinsic goals has focused on growth and identified that intrinsic goals are negatively related to growth (e.g. Wiklund et al., 2003; Reijonen and Kompulla, 2007), primarily because many small firm owners have no desire to grow their businesses (Kirchhoff, 1994). However, the existing literature does not investigate the relationship between specific intrinsic goals and venture performance, or the interactive effect of motivation intensity and intrinsic goals. Within the SDT literature, Kasser and Ryan (1996) argued that intrinsic goals lead to positive outcomes. Intrinsic goals build on higher levels of venture internalization by allowing for need satisfaction (Deci and Ryan, 2000). As a result, we hypothesize here that each of the intrinsic goals proposed by Kuratko et al. (1997) will have varying levels of positive influence on the relationship between motivation intensity and performance. Ultimately, the combination of an intrinsic goal and motivation intensity, in the form of high venture internalization, should lead to higher performance.

As a goal, family security involves sustaining the venture with an eye toward building a lasting institution for the family of the entrepreneur (Kuratko et al., 1997). Family security is an intrinsic goal which focuses on building a sustainable venture for the perceived security of the entrepreneur and his/her family, making it a self-directed goal. As such, building on existing SDT theory about intrinsic goals, we argue that family security will operate opposite the extrinsic
rewards goal and focus the entrepreneur on the long-term success of the venture while achieving need satisfaction. Thus formally:

H2b: The family security goal will positively moderate the relationship between motivation intensity and performance. Specifically, for entrepreneurs with a family security goal, the relationship between venture internalization and performance will be stronger.

The next goal that Kuratko et al. (1997) identified was autonomy or independence. This goal is one of the most common motivators for the initiation of new ventures (Gray, 2002) and is clearly intrinsic as it is oriented at the entrepreneur’s independence and not at any externally oriented outcome. While the existing literature has argued that the autonomy/independence goal is negatively associated with an intention to grow (Wiklund et al., 2003), we argue that it will have positive moderating effect on the relationship between motivation intensity and performance due to the strong role of autonomy in achieving need satisfaction (Ryan and Deci, 2002). Thus formally:

H2c: The autonomy goal will positively moderate the relationship between motivation intensity and performance. Specifically, for entrepreneurs with an autonomy goal, the relationship between venture internalization and performance will be stronger.

Finally, we consider the Kuratko et al. (1997) goal of intrinsic rewards. This goal is intrinsic by definition and clearly fits the intrinsic goal category from SDT. As with the autonomy/independence goal, some scholars have argued, this goal is negatively related to growth of the firm as these entrepreneurs focus on the challenge itself (Greenbank, 2001). Similarly to the argument about the above intrinsic goals, we believe this too will positively moderate the relationship between motivation intensity and performance as the entrepreneur is able to satisfy their need to see the firm do well.

H2d: The intrinsic rewards goal will positively moderate the relationship between motivation intensity and performance. Specifically, for entrepreneurs with an intrinsic goal, the relationship between venture internalization and performance will be stronger.

5. METHODS

5.1 Sample
The sample used to test our hypotheses included American and French founders of firms with fewer than 250 employees. Entrepreneurs were identified via the database of Capital IQ (a division of Standard & Poor’s) and a French prospecting database. Electronic surveys were sent to all entrepreneurs via an email invitation to participate to the online survey. A total of 5008 entrepreneurs were contacted, 657 of whom responded to the online survey, resulting in a 13.1% response rate, consistent with Ken, Nguyen, and Ng’s (2007) electronic survey response rate. We restricted our sample to founders of firms with no more than 250 employees, resulting in a total sample size of 275 founders (73 French, 202 US).

We concentrated on founders because of their strong influence on their venture (Schein, 1983), and, as Chandler and Hanks (1994) summarize, the venture is indeed an extension of the founder. The commitment necessary for a founder to create and run a venture makes it more likely that these individuals will be internalized (He, 2008), thus allowing us to observe the impact venture internalization has on performance. Finally, Chandler and Hanks (1994) and Schein (1987) explain that the performance of founders is measured by the performance of their venture, thus suggesting that founders are the most appropriate respondents when it comes to venture performance. In order to insure that our respondents were in fact founders, one question concerning the respondents’ role in the organization (founder, owner/acquirer, heir, manager, other) was included in our questionnaire, and only those who identified themselves as founders were kept in our final sample.

5.2 Measures
5.2.1 Venture performance. We measured venture performance as the degree to which an entrepreneur is satisfied with firm performance. While objective measures of performance may be preferable, subjective measures are often considered appropriate in the entrepreneurship field.
because entrepreneurs may not be willing to report actual performance (Brouthers and Nakos, 2005; Brouthers and Nakos, 2004), and public data are commonly unavailable (Brouthers, O’Donnell, and Hadjimarcou, 2005; Sapienza, Smith, and Gannon, 1988). Also, a perceived performance measure eliminates differences that may be attributable to different reporting practices across countries (Brouthers, 2002; Brouthers, O’Donnell, and Hadjimarcou, 2005; Woodcock, Beamish, and Makino, 1994), which is particularly significant for our cross-cultural sample of founders. We used Brouthers, Brouthers, and Werner’s (2000) measure of satisfaction with quantitative performance, which includes four items (sales level, sales growth, market share, and profitability), rated on a 10-point Likert scale. The Cronbach’s alpha for this scale was .897.

5.2.2 Motivation intensity. Motivation intensity was captured by the internalization concept drawn from the self-determination theory literature. We measured venture internalization by slightly modifying existing internalization scales from the psychology literature related to the internalization of religion (Ryan, Rigby, and King, 1993), academia (Ryan and Connell, 1989), and learning (Williams and Deci, 1996). Our modified scale was examined and further adapted by Edward Deci, one of the original co-authors of SDT, to insure consistency with the existing theoretical framework. The scale contains three overarching questions relating to the entrepreneur’s reasons to start their venture, to follow advice on how to run their venture, and to continue growing their venture. Each of these questions contains four possible responses, each measured on a 7-point Likert scale.

Following Ryan and Connell (1989), we computed a Relative Autonomy Index (RAI) score as the measure of venture internalization. One of the main tenets of self-determination theory is that internalization describes a motivational continuum in which individuals progress. As a result, using RAI is a theoretically sound approach that has been widely used throughout the self-determination literature (e.g., Deci and Ryan, 2000; Downie et al., 2007; Ryan and Connell, 1989). It is computed as follows:

\[
\text{RAI} = \text{external regulation}^{(-2)} + \text{introjected regulation}^{(-1)} + \text{identified regulation}^{(+1)} + \text{integrated regulation}^{(+2)}.
\]

5.2.3 Goals. To measure goals, we asked entrepreneurs to identify their current goal by choosing from Kuratko et al.’s (1997) four goals (extrinsic rewards, intrinsic rewards, autonomy, and family security) or identifying an “other” goal. Each response was coded as an individual dichotomous variable.

5.2.4 Control variables. The control variables in our model included firm age, measured as the number of years the venture had been in business, firm size, as measured by the number of employees. Additionally, we included founder’s age (categorical variable in 6 groups), the firm’s industry (6 categories + other), and a dichotomous variable to control for country.

6. RESULTS

Because our measure of venture internalization is slightly adapted from existing scales within the SDT literature, we conducted a confirmatory factor analysis with LISREL 8.8 to verify the reliability of our scale. The four-factor model achieved good fit, with RMSEA = .09; SRMR = .07; and CFI = .92 (Hu and Bentler, 1999). The three-factor model performed less well (RMSEA = .11; SRMR = .07; and CFI = .89), so did the two-factor model (RMSEA = .19; SRMR = .14; and CFI = .70) and the single-factor model (RMSEA = .23; SRMR = .15; and CFI = .64). In addition, factors loaded well on their assigned variables, above the common .40 threshold, except for two slightly lower factor loadings (.36 and .39). Because these loadings were close to the usual threshold, we kept the items for further analysis.

In order to verify that common method variance was not an issue in our data, we followed Podsakoff and Organ (1986) and performed a Harman’s one-factor test. After including all factors into an unrotated factor analysis, no factor emerged that would account for most of the covariance in the variables. Indeed, the highest amount of variance explained by any single factor
was 26.7%. This shows that no single factor accounts for most of the variance in variables and common method variance does not appear to be a major issue in our dataset. Descriptive statistics (available upon request) show that the size of the firms in our sample ranged from 1 to 250 employees, with an average of 30.73 employees. Firms had been operating from between 0 (new firm) to 36 years, with an average of 11.80 years. Interestingly, venture internalization ranged from -1.33 to 18 (from possible -18 to 18) with a mean of 9.99, suggesting that founders may tend to have fairly high levels of internalization on average. With a sample size of 255 due to missing data, the goal distribution is as follows: 132 had an extrinsic rewards goal (51.7%), 47 were looking for family security (18.4%), only 9 were motivated by motivation in autonomy (3.5%), and 67 had an intrinsic rewards goal (26.3%). Since most founders had been in business for several years, we can assume that the low representation of the autonomy goal may be due to the fact that the autonomy goal may have been attained by remaining in business for several years. The correlation data do not suggest multicollinearity issues. Aside from the obvious high correlations between the dichotomous variables, the highest correlation was .452 between firm age and founder’s age. Given that our sample looks at founders, this correlation is logical (i.e., 30 year old founders cannot have been in business as long as 50 year old founders who started in their mid-twenties have). We tested the hypotheses through hierarchical OLS regressions. We first ran the base Model 1 with the control variables only. The only statistically significant result was for firm size: founders of larger firms were more likely to be satisfied with performance (β = .243, p < .01). Notably, there were no statistically significant differences between the US and French subsamples. The second model reports the test of Hypothesis 1 which stated that greater venture internalization leads to higher venture performance. This hypothesis was supported (β = .130; p < .05). The last models test Hypotheses 2a-d which stated that the founder’s goal would moderate the relationship between venture internalization and venture performance. Hypothesis 2a (extrinsic goal) was supported (β = -.164; p < .05), and hypothesis 2b (family security goal) was also supported (β = .142; p < .05). However, Hypotheses 2c and 2d were not supported, as the coefficients for the interactions between internalization and the autonomy and intrinsic goal, respectively, were not statistically significant. Additionally, all variance inflation factors for independent variables were below the threshold of 10 often used in the literature (Hair et al., 1998).

### TABLE 1

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<th>Model 2</th>
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<td>3.129**</td>
<td>2.947**</td>
<td>2.631**</td>
<td>2.614**</td>
</tr>
</tbody>
</table>

\( ^a \) n = 251 due to missing data \( ^* \) p < .05 \( ^{**} \) p < .01

Standardized estimates reported.
We illustrate the nature of the moderating effect of the entrepreneur's goal on the relationship between internalization and venture performance on Figures 1 and 2, using unstandardized coefficients (Aiken and West, 1991). In Figure 1, we observe that while the slope of the relationship between internalization and performance is positive for those who do not have an extrinsic goal, it is basically flat for those with an extrinsic goal. As a result, this provides evidence that having an extrinsic goal does negatively moderate the original positive relationship between internalization and performance. In Figure 2, we find that the positive relationship between internalization and performance is stronger for those who have a goal targeted towards family security than for those who have any of the other goals. Thus, family security strengthens the positive relationship between internalization and performance.

**FIGURE 1**

*Internalization and Performance for Founders with an Extrinsic vs. Other Goal*
7. DISCUSSION AND IMPLICATIONS

In this study, we set out to examine the relationship between the intensity of motivation and venture performance as well as explore how entrepreneurs' goals matter for this relationship. Our analysis demonstrates two important results. First, we show that motivation intensity is positively related to venture performance. Whereas previous research has primarily focused on what motivates entrepreneurs, this study highlights the importance of how motivated they are. The degree to which entrepreneurs internalize their ventures is significantly and positively associated with venture performance.

Second, this study demonstrates that the relationship between motivation intensity of entrepreneurs and performance is impacted by at least two entrepreneurial goals. We established that for those entrepreneurs who are primarily motivated by extrinsic rewards, venture internalization hardly matters for performance, while for those motivated by other goals venture internalization plays a positive role. We also found that for entrepreneurs whose goal is primarily to provide security for their family, higher motivation intensity is associated with stronger venture performance. Our findings providing an initial glimpse at the dimensionality of entrepreneurial motivation and present new opportunities for motivation research in entrepreneurship. While the existing literature (e.g. Amit et al., 2000; Wiklund, Davidsson and Delmar, 2003) has focused mostly on direction (i.e., goal), we find that direction is only part of the puzzle.

Perhaps as interesting as our supported arguments is the fact that we do not find support for the posited moderating effect of intrinsic rewards (the autonomy goal only represented 9 entrepreneurs and as such explains the lack of statistical significance for that interaction). The lack of support for hypothesis 2d may be an artifact of the dependent variable. While the dependent variable is a perceptual measure, the four aspects of performance we asked the entrepreneurs about are inherently externally oriented. As such, it is possible that entrepreneurs whose goal is intrinsic rewards may not have had a relevant performance measure to respond to (Monroy and Folger, 1993). A future study may benefit from a performance measure that is tailored to measure the intrinsic value of entrepreneurial performance.

Our findings suggest that researchers need to take into account how motivated entrepreneurs are. This is important because it makes it clear that motivation intensity matters. For those
entrepreneurs in our sample with lower levels of motivation, their goal did not seem to matter. The opposite was true for those with high motivation intensity given the support we reported for hypothesis 2a and 2b, wherein those with high levels of motivation experienced significantly different venture performance depending on their goal. Within the context of the opportunity versus necessity motivation literature these findings seem to be particularly important as we expect that there would be very real differences in the internalization of the venture between those entrepreneurs who start a business out of necessity and those who start a business based on a perceived opportunity.

The implications of our paper are threefold. First, we integrate the SDT literature and demonstrate its potential as a theoretical framework. More specifically, we introduced the SDT-based concept of venture internalization as an indicator of entrepreneurial motivation intensity. In doing so, we build on previous research on entrepreneurial motivation which has focused primarily on the goals of the entrepreneurs by incorporating the novel perspective of SDT which enables the study of motivation intensity.

Second, we integrated entrepreneurial motivation intensity with goals, thus taking a two-dimensional approach to motivation. While a two dimensional approach is novel within the entrepreneurship literature, it allows us to better understand the effects of motivation on the performance of entrepreneurial ventures. Outside the domain of entrepreneurship there is a broad recognition that motivation is a multi-dimensional construct (Deci and Ryan, 2000), and our study explores two of these dimensions in entrepreneurship.

Finally, our results are derived from entrepreneurs running existing ventures. The focus of much of the entrepreneurial motivation literature has been on what motivates entrepreneurs to start their venture. Most of entrepreneurship is driven by the decisions and actions of the founder after he or she decides to start the venture (Beckman, Burton, and O’Reilly, 2007). Considering what drives entrepreneurs after their venture is started, and how driven they are is critical in understanding the effects of motivation on performance given the relative importance of post start-up decision.

7.1 Limitations
There are a few limitations to our study. First, we tested our model of motivation intensity and goals on venture founders alone. Given the argument within the entrepreneurship literature that founders are likely to be most involved in their venture (Chandler and Hanks, 1994) and within SDT that highly involved individuals are most likely to have internalized an activity (Deci and Ryan, 2000), we believe that conducting an initial study on founders was best. That said, extending this research to other entrepreneurs such as owners, managers, franchisees, etc. would provide valuable additional insights.

Second, our data was collected at one point in time, thus offering only a snapshot of motivation regardless of the stage of the venture (though we statistically controlled for venture age). It would obviously have been ideal to gather longitudinal data on these entrepreneurs and ventures, given the geographic and age dispersion of the ventures, however, it was not feasible for this study.

Thirdly, we measured venture performance by looking at founders’ ratings of performance. While this is an accepted measure of performance in entrepreneurial settings (Sapienza, Smith, and Gannon, 1988), secondary data are more reliable and less prone to biases. However, a careful evaluation of performance is necessary as the goal may drive some of the performance results. Indeed, entrepreneurs who value autonomy or intrinsic rewards may not seek performance in terms of sales and market share.

Finally, it is possible that performance ratings are affected by internalization level and goal. For instance, entrepreneurs who are highly internalized may tend to rate performance higher than others because rating it lower would imply a negative image of their own performance. Similarly, entrepreneurs whose goal is financial may rate their performance lower as there is always more
money to gain and full satisfaction may never be attained. Given the low correlations, we do not think this is the case, however.

7.2 Future research

This is a first look at a multifaceted approach to understanding the impact of motivation on performance. As such, there are a number of directions that future research might take to further our understanding of the ideas identified in this paper. One interesting area revolves around answering the question: how do motivation intensity and goals interact within entrepreneurial teams? This paper is based on the study of the motivation intensity and goals of a single founder, but many new ventures are started by teams (Dodd and Anderson, 2007). Expanding the notion of motivation intensity to a team would give new insights into the impact of how motivated a team is on its performance. There are many related questions on the notion of team-based ventures including: do all entrepreneurs within the team have the same motivation intensity? Do they all have the same goals? If not, what are the implications for venture performance?

Another area of future research that arises from this study is further research on entrepreneurial goals for sustaining a venture. As noted in the literature review, almost all of the research on entrepreneurial goals is oriented toward the goals motivating start-up. While this is undoubtedly an important topic, the decision to start is only one small step in building a sustainable new venture. While Kuratko et al. (1997) have provided one perspective on entrepreneurial goals in existing ventures, limited research has been done on the topic. Additional research into the goals that existing entrepreneurs have would go a long way toward informing future research on the motivation of existing entrepreneurs.

8. CONCLUSION

In this study, we look at the notion of motivation intensity and how its relationship to performance is moderated by the goal held by the entrepreneur. We find that there is a positive relationship between motivation intensity, using venture internalization as a proxy, and performance. We find that there is a positive relationship between internalization and venture performance. We then look at the moderating effect of the entrepreneurial goals (Kuratko et al., 1997) and find that the extrinsic rewards goal negatively moderates the relationship between motivation intensity and performance while family security positively moderates the same relationship. We extend current research on motivation in entrepreneurship by looking at motivation as a multi-dimensional concept comprised of both direction and intensity.

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