POSITIVE PSYCHOLOGICAL CAPITAL AND GROWTH ASPIRATIONS OF ENTREPRENEURS (SUMMARY)

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SUMMARY

POSITIVE PSYCHOLOGICAL CAPITAL AND GROWTH ASPIRATIONS OF ENTREPRENEURS

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Principal Topic

Risk, ambiguity and change have been traditionally associated with and seen as essential part of entrepreneurship in its many forms (e.g. Landström 2005; Chiles, Bluedorn & Gupta 2007). While rapid changes and uncertainty, to name a few, may be beneficial for businesses pursuing growth and serve as a “hotbed for entrepreneurship” (Landström 2005, 66), they can nevertheless be experienced as highly taxing and stress provoking on the individual level. Both traditional economic capital, human capital and social capital are needed in a successful venture. However as the complexity and uncertainty grows in the entrepreneurial context, a new form of capital, namely positive psychological capital (self-efficacy, optimism, hope and resilience) may be needed to create real competitive edge. Our purpose was to study whether positive psychological capital can explain the growth aspirations of entrepreneurs. The key proposition is that although all stages in the entrepreneurial process can be experienced as involving high levels of change, ambiguity and risk, these factors are especially pronounced when growth is pursued.

Method

A survey data of 407 Finnish entrepreneurs were collected for the analyses. In the survey the positive psychological capital of the entrepreneurs was measured as their self-efficacy, optimism, hope and resilience on a scale from 0 to 100. The growth aspirations of the entrepreneurs were investigated with binary choice models. The models allow controlling for wide variety of other factors that may influence growth aspirations. They include information on the personal characteristics of the entrepreneurs as well as on their household and residence location.

Results and Implications

Our paper makes two significant contributions. First, the results make it possible to participate on the general level in the debate between rational (Shane 2003) and effectual (Sarasvathy 2008) logic. Second, the empirical analysis identifies and explains the role of positive psychological capital among entrepreneurs. Although self-efficacy, optimism, hope and resilience are important elements for all entrepreneurs, self-efficacy and hope seem of essence for those pursuing growth actively. Our findings add to and extend the general discussion on the role of positive emotional states in growth entrepreneurship.

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