WHO BECOME SERIAL ENTREPRENEURS? THE REGULATORY FOCUS PERSPECTIVE (SUMMARY)

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SUMMARY

WHO BECOME SERIAL ENTREPRENEURS? THE REGULATORY FOCUS PERSPECTIVE

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Principal Topic

Built on regulatory focus theory (Higgins, 1997), this research suggests that entrepreneurs’ dispositional regulatory focus orientations will interact with the nature of their prior entrepreneurial experiences (i.e., financial success or failure) to determine their subsequent intentions to reenter entrepreneurship. The theory suggests that individuals react to the same performance feedback quite differently (Van-Dijk & Kluger, 2004), and this leads to a different level of motivations as well as different behaviors. While some people are more motivated by past success than failure because past success further enhances their desires to fulfill their achievement needs, others are more motivated by past failure than success because past failure triggers their desires to avoid future failure and maintain their safety needs. Applying the regulatory focus lens to entrepreneurship, this research argues that entrepreneurs with different dispositional regulatory focus orientations would react to the outcome of prior venture differently. This elicits their different levels of intentions to reenter entrepreneurship.

Method

We use two studies to test the proposed hypotheses. In study 1, 175 undergraduate students at a U.S. university responded to the survey. In study 2, we conducted the quasi-experiment with 62 entrepreneurs. Prior experience was manipulated at two levels (financial success vs. failure).

Results and Implications

In this research we show that individuals’ dispositional regulatory focus orientations contribute to their entrepreneurial intentions, and this relationship will carry over to their intentions to reenter entrepreneurship after business exit. We demonstrated that the individuals’ dispositional prevention focus orientations are negatively related to their entrepreneurial intentions and that the entrepreneurs’ dispositional prevention focus orientations are also negatively related to their intentions to reenter entrepreneurship. Most importantly, we found that the relationship between dispositional regulatory focus orientation and intention to reenter will be moderated by the nature of prior entrepreneurial experience (i.e., financial success or failure). Our results indicate that, as predicted, the financial losses of prior venture strengthen the relationship between prevention focus orientation and intention to reenter.

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