6-11-2011

HOW DO ENTREPRENEURS CAPITALIZE ON ENVIRONMENTAL DYNAMISM TO DEVELOP THEIR NEW VENTURES? THE ROLE OF HUMAN, SOCIAL, AND PSYCHOLOGICAL CAPITAL (SUMMARY)

Keith M. Hmieleski
Texas Christian University, k.hmieleski@tcu.edu

Jon C. Carr
Texas Christian University

Robert A. Baron
Oklahoma State University

Recommended Citation
Hmieleski, Keith M.; Carr, Jon C.; and Baron, Robert A. (2011) "HOW DO ENTREPRENEURS CAPITALIZE ON ENVIRONMENTAL DYNAMISM TO DEVELOP THEIR NEW VENTURES? THE ROLE OF HUMAN, SOCIAL, AND PSYCHOLOGICAL CAPITAL (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 31: Iss. 5, Article 1.
Available at: http://digitalknowledge.babson.edu/fer/vol31/iss5/1

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
HOW DO ENTREPRENEURS CAPITALIZE ON ENVIRONMENTAL DYNAMISM TO DEVELOP THEIR NEW VENTURES? THE ROLE OF HUMAN, SOCIAL, AND PSYCHOLOGICAL CAPITAL

Keith M. Hmieleski, Texas Christian University, USA
Jon C. Carr, Texas Christian University, USA
Robert A. Baron, Oklahoma State University, USA

Principal Topic
Environmental dynamism is the rate at which unpredicted change occurs within a given industry (Dess & Beard, 1984). It has been argued that dynamic industries provide greater potential for individuals to identify and exploit entrepreneurial opportunities than do stable industries (Hayek, 1945; Kirzner, 1997). Dynamic environments, however, present high levels of uncertainty and require large amounts of financial capital (Aldrich, 2000). Furthermore, although there is opportunity for entrepreneurs to “hit it big” in dynamic industries, the majority of startups launched in such environments fail (Markides & Geroski, 2004). We therefore consider why some entrepreneurs, and not others, are able to successfully develop new ventures in dynamic environments.

Method
Participants included 223 lead entrepreneurs, who completed our questionnaire containing items relating to the study’s focal constructs. Hierarchical moderated regression analysis was utilized to evaluate the interactions of human, social, and psychological capital with environmental dynamism on firm performance.

Results and Implications
Findings indicate that social and psychological capital were most positively associated with firm performance in dynamic environments, whereas human capital was most positively related to firm performance in stable environments. These results are consistent with research demonstrating that the uncertainty and rapid pace of change inherent to dynamic industries creates a highly stressful context for leading new ventures. Social and psychological resources are likely to help entrepreneurs withstand this stress and even thrive under such conditions. In contrast, human capital is less useful in dynamic environments, because the context is unlikely to be consistent with knowledge developed through prior experience.

CONTACT: Keith Hmieleski; k.hmieleski@tcu.edu; (T): 817.257.7280; (F): 817.257.7227; M. J. Neeley School of Business, TCU Box 298530, Fort Worth, TX 76129.