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BUSINESS CREATION UNDER ADVERSE CONDITIONS: A GLOBAL STUDY OF THE IMPORTANCE OF ENTREPRENEURIAL RESILIENCE (SUMMARY)

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≈ SUMMARY ≈

BUSINESS CREATION UNDER ADVERSE CONDITIONS: A GLOBAL STUDY OF THE IMPORTANCE OF ENTREPRENEURIAL RESILIENCE

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Principal Topic

Entrepreneurs in many locales around the world face severe adverse living and working conditions, making new business creation difficult. Social cognitive theory as well as the theory of planned behavior agree that exogenous factors influence entrepreneurial intentions through their effect on how individuals think, emphasizing the role of entrepreneurs' perceptions. We hypothesize that adverse conditions are negatively related to the intent to start and own a business, but we expect this relationship to be attenuated at higher levels of resilience. We also hypothesize that resilience moderates the positive entrepreneurial self-efficacy—intent relationship, such that this relationship is corroborated at higher levels of resilience.

Method

Primary data were collected in 2010-2012 from the following countries: Afghanistan (n=489), Iraq (n=441), Tunisia (n=300), Peru (n=308), Ghana (n=129), Tajikistan (n=310), United States (n=330) and Finland (n=284) (Total n=2591). The surveys targeted adults ages 18-50. The measurements include Liñán and Chen's (2009) entrepreneurial intent scale, Zhao et al.'s (2005) entrepreneurial self-efficacy scale, and Sinclair and Wallston's (2004) Brief Resilience Coping Scale. The macro-level adversity variable is the country's Failed States score of 2012 from the Fund for Peace and Foreign Policy magazine. Iraq and Afghanistan had the highest scores on the Failed States index, while Finland was ranked as the most stable country in the whole world.

Results and Implications

In a sample of countries with more adverse conditions (i.e. where Finland and United States have been excluded), the adversity of the environment is significantly and negatively related to people's entrepreneurial intentions ($p < .01$). However, we also find that more resilient individuals are less vulnerable to the negative influence of the adverse environment ($p < .05$). When comparing the relative importance of resilience across models from less vulnerable (Finland and the U.S.) and more vulnerable (all other countries) environments, it turns out that resilience has a stronger relationship with entrepreneurial intent in the more vulnerable country group. Overall, individual resilience is an important factor that contributes to people's entrepreneurial intentions across environments, and it is particularly salient in challenging, adverse environments.

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