LIMITED ACCESS TO CAPITAL, START-UPS, AND THE MODERATING EFFECT OF AN ENTREPRENEURSHIP TRAINING: INTEGRATING ECONOMIC AND PSYCHOLOGICAL THEORIES IN THE CONTEXT OF NEW VENTURE CREATION (SUMMARY)

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LIMITED ACCESS TO CAPITAL, START-UPS, AND THE MODERATING EFFECT OF AN ENTREPRENEURSHIP TRAINING: INTEGRATING ECONOMIC AND PSYCHOLOGICAL THEORIES IN THE CONTEXT OF NEW VENTURE CREATION

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Principal Topic

The effect of access to financial capital on start-ups is mostly studied in the context of economic theories which suggest that limited access to capital is an entry barrier for new ventures. We argue that economic theories are not sufficient to explain the effect of access to capital on start-ups. Economic theories must be supplemented with psychological theories. We hypothesize that individual characteristics of the entrepreneur and financial capital interact. Entrepreneurs can compensate for the negative effect of limited access to capital on entrepreneurship through a psychological intervention enhancing entrepreneurial cognitive frameworks.

Method

We conducted a longitudinal randomized field experiment. We randomly assigned 109 students to the training group (psychological intervention) and 106 students to a control group (no intervention). The psychological intervention was an action-oriented entrepreneurship training over 12 weeks. Data collection covered three measurement waves: before the training, directly after the training, 18 month after the first wave.

Results and Implications

Results show that the training moderates the effect of limited access to capital on start-ups \( B = 0.49, p < .05 \). There is a negative effect of limited access to capital on start-ups in case of no training \( T = 2.19, p < .05 \) but not in case of training \( T = 0.65, \text{ns} \). To explain why the training moderates the effect of limited access to capital, we tested a mediated moderation model. Results show that the training has a positive effect on entrepreneurial cognitive frameworks \( \beta = 0.18, p < .05 \) and entrepreneurial cognitive frameworks moderate the effect of limited access to capital on start-ups \( B = 3.97, p < .05 \). Further analyses show that entrepreneurial cognitive frameworks mediate the moderating effect of the training on the relationship between limited access to capital and start-ups. The results suggest that the interplay of economic and psychological theories better explain start-ups. A psychological intervention buffers the negative effect of limited access to capital on start-ups by providing better developed entrepreneurial cognitive frameworks.

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