THE DARK SIDE OF ENTREPRENEURSHIP: APPLYING REINFORCEMENT SENSITIVITY THEORY TO EXPLAIN ENTREPRENEURIAL BEHAVIOR (SUMMARY)

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The Dark Side of Entrepreneurship: Applying Reinforcement Sensitivity Theory to Explain Entrepreneurial Behavior

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Principal Topic
We introduce Reinforcement Sensitivity Theory (RST) to entrepreneurship. RST conceptualizes relatively stable and typical patterns of regulating one’s responses to environmental cues that are genetically based and influenced by multiple physiological systems. RST constitutes a promising lens for studying the dark side of entrepreneurship because it suggests an association between behavioral inhibition (BIS), behavioral activation (BAS), and adjustment problems.

The theory differentiates between two neurological systems. The BAS, on the one hand, is located in the cerebral cortex, thalamus, and striatum and is sensitive to signals of rewards. The activation of BAS stimulates goal-directed behavior and causes feelings of happiness, hope, and joy. On the other hand, the BIS is located in the brain stem and involves neocortical projections to the frontal lobe and is sensitive to signals of punishment. BIS causes fear, anxiety, and inhibits behavior. Moreover, low BIS scores are associated with attention deficit hyperactivity syndrome and psychopathy. Whereas high BAS scores are associated with conduct disorder, low BAS scores relate to depression.

Entrepreneurial activity includes a number of cues suggesting non reward or punishment. Such cues would prime BIS. We assume that BIS is negatively correlated with entrepreneurial intentions and performance. Moreover, individuals with high BAS desire variety and novelty and prefer shorter tasks rather than one protracted activity. Entrepreneurial activity can be rewarding and shares some characteristics with high BAS sensitivity. Therefore, entrepreneurship is attractive for individuals with high BAS and, moreover, high BAS facilitates firm performance.

Method
We conducted two studies. Study one consists of 1076 bachelor students. Study two examined 99 entrepreneurs managing newly founded small-scale enterprises.

Results and Implications
We found that behavioral inhibition is negatively correlated with both entrepreneurial intentions (Study 1) and firm performance (Study 2). Thus, while low BIS has been associated with primary psychopathy, it is functional in the context of entrepreneurship. In case of setbacks and failures, entrepreneurs cannot give up, but rather must remain active and continuously learn. Moreover, behavioral inhibition is strong in novel situations. Consequently, with entrepreneurs operating in fast-changing contexts, their success depends on a low sensitivity to BIS.

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