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PERSISTENCE IN SOCIAL VENTURE CREATION: THE MEDIATING ROLE OF ENTREPRENEURIAL SELF-EFFICACY (SUMMARY)

Scott L. Newbert
Villanova University, USA, scott.newbert@villanova.edu

Narda R. Quigley
Villanova University, USA

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Principle Topic

Amid evidence that social ventures are rooted in entrepreneurs’ deeply-held values, we expect that persistence with start-up efforts will be greater for ventures with social as opposed to commercial purposes (H1). However, we also believe that motivation may play a pivotal role in this process. Given that motivation impacts the direction, intensity, and persistence of effort, entrepreneurial self-efficacy (ESE) should also be positively related to the amount of time individuals persist with start-up activities (H2). Moreover, because individuals often construct their self-efficacy beliefs from their affective states, we expect social entrepreneurs to have greater ESE than commercial entrepreneurs (H3). We believe this heightened level of ESE will partially mediate the relationship between social purpose and persistence (H4).

Method

We test our hypotheses with the PSED II. We operationalize persistence as whether the entrepreneur was still trying to start the venture or had quit start-up efforts by the final wave of data collection. We measure ESE with three items measuring entrepreneurs’ beliefs in their abilities to create new ventures, social entrepreneurs as those who want to start ventures primarily to help others/the community and/or aid in the economy/economic development, and commercial entrepreneurs as those who want to start ventures primarily for monetary reasons. We analyze the weighted data using OLS and Heckman models, controlling for gender, race, education, age, marital status, household income, retirement status, industry experience, and start-up experience.

Results and Implications

Our results support all hypotheses, leading us to conclude that while social entrepreneurs are more likely than commercial entrepreneurs to persist with start-up efforts, their persistence is attributable to their increased levels of ESE. Taken together, our results suggest that ESE is an important factor in the emergence phase as it can be the difference between a potential successes and an outright failures. Coupled with the high hazard rates of emerging firms, practicing entrepreneurs would be unwise to undertake the task of creating a new organization without believing that they can and will succeed. Thus, prior to undertaking such an arduous task, entrepreneurs should evaluate their experiences, innate abilities, and confidence in themselves before expending their finite resources.

CONTACT: Scott L. Newbert; scott.newbert@villanova.edu; (T) +1 610-519-5440; (F) +1 610-519-6566; Villanova School of Business; Villanova University; 800 Lancaster Avenue; Villanova, Pennsylvania 19085, USA.