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VENTURE CREATION AS AN ACTIVE COPING STRATEGY TO IMPROVE PSYCHOLOGICAL WELL BEING AFTER A NATURAL DISASTER (SUMMARY)

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≈ SUMMARY ≈

VENTURE CREATION AS AN ACTIVE COPING STRATEGY TO IMPROVE PSYCHOLOGICAL WELL BEING AFTER A NATURAL DISASTER

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Principal topic

Coping is the response to the demands of a stressful situation (Folkman & Lazarus, 1980). In the context of external traumatic shocks, recent findings suggest that venture creation can be one way to cope with them (Powell and Baker, 2014; Williams and Shepherd, 2014).

While we are just starting to learn how engaging in entrepreneurial venturing shapes post disaster functioning among disaster-affected community members at large (Williams and Shepherd, 2016), not much is yet known about how these events affect the psychological well being (PWB) of entrepreneurs in particular. Specifically, if loss of business has a negative effect on PWB, can venture creation become a productive coping strategy to deal with the stress generated by traumatic shocks?

In this paper we seek to address this question by drawing from theories on coping and entrepreneurship. We explore the value of venture creation as an active coping strategy, and suggest that PWB is a function of local resource assessments and individual's coping strategies in the context of natural disasters.

Method

Our analyses rely on data from 3,935 entrepreneurs that lived in the area affected by an 8.8 magnitude earthquake and subsequent tsunami that hit the coasts of Chile in February of 2010. Between two and three months after this event, the government ran a survey through a representative sample of 27,000 households to assess the material and psychological impact of the disaster. In order to evaluate the relationships suggested above, we focused exclusively on entrepreneurs. We employ a multilevel interaction model, provided that individual information (i.e., loss of business, venturing creation, and post traumatic stress disorder (PTSD)) was nested within households.

Results and Implications

Our findings show that the loss of business caused by a major earthquake resulted in statistically greater chances to show symptoms of PTSD. However, a significant interaction was found between loss of business and venture creation, such that people who lost their business but created and maintained a venture after the earthquake had significantly lower chances to show symptoms of PTSD.

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