FEAR OF FAILURE AND OPPORTUNITY EXPLOITATION (SUMMARY)

Anja Klaukien
Max Planck Institute of Economics, Germany, klaukien@econ.mpg.de

Holger Patzelt
Max Planck Institute of Economics, Germany

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol29/iss5/11

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
Summary

Fear of Failure and Opportunity Exploitation

Anja Klaukien, Max Planck Institute of Economics, Germany
Holger Patzelt, Max Planck Institute of Economics, Germany

Principal Topic

Managing a company is stressful (Boyd and Gumpert, 1983). However, few studies have investigated the occurrence of stress among entrepreneurs (Wincent and Örtqvist, 2006). Especially its effect on entrepreneurial decision-making has so far been neglected. We analyze entrepreneurs’ decision to exploit an opportunity (Choi and Shepherd, 2004) and investigate how job stress influences this decision. Since stress can cause hasty decision-making (Janis and Mann, 1977), we argue that entrepreneurs draw less on their knowledge of available resources when they experience stress, leading to a higher likelihood to exploit. However, individuals differ in their reaction to stress (Lazarus and Erikson, 1952) and stress can also decrease entrepreneurs’ motivation to exploit. We suggest that the personality trait fear of failure moderates the relationship of experienced stress on entrepreneurs’ exploitation decisions. We propose that fear of failure leads to a focus on possible negative outcomes (Elliot and Church, 1997) and additionally experienced stress can lead to a “flight-response” and a decreased likelihood to exploit.

Method

To test our hypotheses empirically, we designed a conjoint-based experiment (Shepherd and Zacharakis, 1997) in which 80 entrepreneurs were confronted with 8 profiles (which are replicated to test for reliability) that describe hypothetical opportunities. Subsequent to the evaluation task, participants were asked to rate how stressful their job is on a 9-item Job-Stress Scale (Parker and Decotiis 1983) and how fearful they are on a 41-item Fear-of-Failure Scale (Conroy 2001). For data evaluation we employ Hierarchical Linear Modeling (HLM) (Raudenbush, et al. 2004).

Results and Implications

Results provide significant support for the hypothesized interaction effects of job stress and fear of failure on the decision to exploit an opportunity. When fear of failure is low stress leads to a higher likelihood to exploit. When fear of failure is high, stress decreases the likelihood to exploit.

Our work contributes to previous research on entrepreneurial stress and entrepreneurial decision-making. Existing studies have highlighted the importance of entrepreneurial stress, but not explicitly linked it to entrepreneurial decision-making. Our study addresses this gap. Moreover, our study is the first to identify contingencies that moderate the effect of stress on entrepreneurial decision policies.

CONTACT: Anja Klaukien; klaukien@econ.mpg.de; (T): 0049-3641-686728; (F): 0049-3641-686710; Max Planck Institute of Economics, 07745 Jena, Germany.