ENTREPRENEURIAL AFFECT AND PERCEIVED STRESS: SELF-EFFICACY AND EXPERIENCE AS STRESS BUFFERS (INTERACTIVE PAPER)

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Entrepreneurs are perceived to be stressed (Boyd & Gumpert, 1983) and over two-thirds of business owners reported running a business as more stressful than working for others (Bibby Financial Services, 2008). We take an affective perspective to understand entrepreneurial stress. Individuals often use their affect to evaluate how they feel about a situation (Schwarz & Clore, 1983). Due to affect-laden information, entrepreneurs experiencing positive affect may concurrently perceive that their ventures are progressing nicely and report less stress. In contrast those experiencing negative affect may also perceive problems leading to stress perceptions.

We hypothesize self-efficacy and entrepreneurial experience as stress buffers. High self-efficacy individuals tend to perceive that they have control over the situation, are resilient, and engage in self-aiding thoughts (Bandura, 1999). Thus, these individuals like challenging activities and persevere through difficulty. Experienced entrepreneurs may react less to adversity because they have developed start-up skills and strategies to resolve venture problems (Wiklund & Shepherd, 2008). They may also discover new opportunities, and if the current venture fails, start other businesses (Bates, 1995).

Method

We conducted a longitudinal within-individual study of 60 entrepreneurs and used an experience sampling methodology (ESM) to map fluctuations of their affect and stress. ESM is a method where individuals are surveyed multiple times over the duration of the study. Using this method, we obtained about 1,500 data points of momentary affect and stress. We also used a one-time survey to collect background information (including entrepreneurial experience), and self-efficacy scores. To reduce participant inconvenience, we used a cell phone based ESM system, where the survey was embedded in the participants’ cell phone, and their responses sent to us via the short messaging system (SMS).

Results and Implications

Findings generally support our hypotheses of the affect-stress link as moderated by self-efficacy and entrepreneurial experience. The paper makes three contributions: First, it provides an empirical test of how affect and stress are linked. Second, and more importantly, it explains the mechanisms for stress buffering, that of self-efficacy and entrepreneurial experience. Third, we answer recent calls (e.g. Baron, 2008) to make affect a central part of entrepreneurship research.

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