

**A QUANTITATIVE STUDY MEASURING THE
EFFECT OF ENTREPRENEURIAL FEAR
OF FAILURE ON THE PSYCHOLOGICAL
WELL-BEING OF ENTREPRENEURS**

Abstract of

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ABSTRACT

Recognising the safeguards that may be put in place to ensure the mental health of business owners is an urgent necessity. The mental well-being of individuals is significantly correlated with their workplace productivity and their capacity to sustain positive interpersonal relationships (Wiklund et al., 2019). Both academic discussions and arguments over public policy highlight the significance of individuals' psychological health. As a result, entrepreneurs may find meaning and happiness in their work, which may encourage them to keep up seemingly impossible endeavours and ultimately effect positive change in the world. The psychological resources of entrepreneurs, such as their optimism, resilience, and self-esteem, may be refuelled and revitalised by higher levels of well-being, giving them the energy to continue persevering in difficult endeavours that others may view as unattainable (Foo et al., 2009). In a nutshell business owners' mental health may suffer because they are under so much pressure (fear of failure) to keep their enterprises running and to meet so many different expectations. Protecting business owners' mental health is crucial for ensuring they can continue to be productive and have positive connections with their staff and customers. Entrepreneurs may discover significance and satisfaction in their job through fostering psychological well-being, which can encourage them to persevere through tough times and, eventually, bring about positive change in the world.

The importance of psychological well-being in the entrepreneurial world cannot be overstated. It is crucial for entrepreneurs to maintain a healthy state of mind to effectively navigate the challenges and uncertainties that come with running a business. It was found that research on entrepreneurial fear of failure (EFOF) is in the initial stages of entrepreneurship research. It is imperative to conduct an analysis of the

potential ramifications of EFOF and the underlying variables that contribute to its effectiveness and consequential impact on entrepreneurs. In light of the importance of the topic at hand, the current study intends to investigate the issue of entrepreneurs' fear about failure and the possible damage this emotion might do to their psychological well-being (PWB). Second, the proposed study is to examine the indirect influence of the ability to manage emotions (emotion regulation) on the connection, as well as the apparent impact of resilience, which may be a significant component in coping with the negative outcomes associated with EFOF. Lastly, this study examines the variation in adverse consequences of EFOF caused by different personality aspects (Big-Five Personality Traits) on the psychological well-being of entrepreneurs. It is crucial to understand how different personality types may influence the psychological well-being of entrepreneurs since different personality traits may have distinct effects on the emotional response to failure. For the presented research study business owners of MSMEs has been considered as the entrepreneurs.

INTRODUCTION

Entrepreneurship is widely acknowledged as a primary factor in creativity, economic growth, and technical progress in both developed and developing countries (Vatavu et al., 2021). In developing nations such as India, governments view entrepreneurship as an instrument for addressing economic and social issues (Ozaralli & Rivenburgh, 2016). However, there is risk associated with launching a new business with an innovative concept in a dynamic environment. Prior studies have shown that entrepreneurship is a risky profession (Tyrkalo, 2022). Even risk-taking proclivity is viewed as the most preferable characteristic for entrepreneurs. The entrepreneurs' risk-taking behaviour distinguishes them from administrators and employees (Walter & Heinrichs, 2015). However, risk taking behaviour does not exist in a vacuum; it is

accompanied by fear, or the two can be viewed as complementary. Consequently, entrepreneurs must equip themselves with a certain amount of courage to face adversity. A lack of fear isn't necessary for courage, though; rather, it's the capacity to make rational business decisions in spite of one's fears (Kilmann et al., 2010). According to the Shukla et al. (2022), as the perception of opportunities for entrepreneurship grew in India, so did the fear of failure among the country's youth, which increased by 62% . For new business owners, the fear of failure may be paralysing. It is essential to place a strong emphasis on establishing resiliency and cultivating a growth attitude in order to triumph over this fear and improve their well-being.

REVIEW OF LITERATURE

Previous literature on entrepreneurship is dominated by research studies exploring variables like entrepreneurial intention (Liñán et al., 2011), entrepreneurial orientation (Covin & Wales, 2012), and entrepreneurial behaviour (Welter & Smallbone, 2011), etc. The common fact among all these studies is that they measure the behaviour or intention of the respondents before getting involved in entrepreneurship. There exists a paucity of research that centers on the performative aspect of entrepreneurship. The traces of the construct FOF in entrepreneurship were initially found in a research study conducted by Ray (1994) that attempted to differentiate between entrepreneurs and non-entrepreneurs on the basis of the risk involved in entrepreneurial decisions. Throughout the years, various authors have presented distinct definitions of the concept of FOF in the context of entrepreneurship, like Wood et al. (2013), who define FOF as the propensity to experience shame, while Brixy et al. (2012) define it as an attitude towards risk. Noguera et al. (2013) associate fear of failure with an appraisal of a threat when one fails to achieve a meaningful personal goal. Therefore, based on the definitions suggested in past studies, the construct of fear of failure is subdivided into

personological orientation and motivational orientation. Personological approaches define fear in terms of individual differences, which means every individual perceives fear differently, while motivational approaches refer to fear as the outcome of environmental cues.

In recent research, authors Cacciotti et al. (2020) attempted to reconceptualize the concept of FOF in entrepreneurship. They argued that the majority of the FOF literature in entrepreneurship takes a static perspective that sees the concept exclusively as an impediment to entrepreneurship. Existing literature in entrepreneurship does not give us a broader perspective of the construct that measures an entrepreneur's situation during the entrepreneurial journey, or rather, previous literature lacks in examining the effect of EFOF on entrepreneurs.

So, there is a significant gap in measuring the fear of failure in an entrepreneurial context. To address this gap, this study will use a reliable scale to assess entrepreneurs' fear about failure and its repercussions.

Furthermore, PWB plays a significant role in scholarly literature. Management researchers are now becoming interested in studying psychological well-being (PWB) and its antecedents (Shephard & Patzelt, 2017; Stephan, 2018). Past evidence has claimed adverse consequences of FOF on the PWB of individuals (Berger & Freund, 2012). Although these research studies were carried out in different geographical contexts like America (Caraway et al., 2013) and China (Huang, 2021), In a developing country like India, the requirement for entrepreneurs who are competent to perceive new opportunities and ready to incur the associated risk is immense. Entrepreneurial development in India is considered the vehicle for employment generation through

empowering small businesses. It is imperative to investigate the negative impact of EFOF on the PWB of entrepreneurs within the Indian context.

Previous studies have also paid attention to theoretical frameworks that have shown useful in combating negative emotions, such as resilience and emotion regulation (Goldin et al., 2008; Coifman et al., 2021). DeCock et al. (2020) suggested that studies on how emotions shape entrepreneurial processes are limited in number and need to be addressed in scholarly literature. Lastly, personality aspects in entrepreneurship show empirical evidence of varying effects on different constructs like entrepreneurial intention, orientation, etc. (Liñán, Rodríguez-Cohard, & Rueda-Cantuche, 2011; Ozaralli & Rivenburgh, 2016). Cacciotti (2015) recommends studying the possible consequences of EFOF on different personality aspects. Consequently, it is imperative to investigate the impact of the FOF in entrepreneurship on diverse personality traits, which may subsequently result in fluctuations in psychological well-being.

Research Gap

1. How the construct entrepreneurial fear of failure conceptualizes in entrepreneurship research overtime?
2. What is the impact of entrepreneurial fear of failure on psychological well-being of entrepreneurs?
3. Do resilient entrepreneurs perform better in dealing with entrepreneurial fear of failure?
4. How that ability to regulate emotions indirectly explain the effect of entrepreneurial fear of failure and psychological well-being of entrepreneurs?

5. Does type of personality of the entrepreneur matters in dealing with entrepreneurial fear of failure?

Objectives of the Study

Following are the objectives of the proposed research study:

1. To find out the impact of entrepreneurial fear of failure on psychological well-being of entrepreneurs.
2. To examine the role of different personality aspects in dealing with entrepreneurial fear of failure.
3. To study the role of resilience in the relationship between of entrepreneurial fear of failure and psychological well-being of entrepreneurs.
4. To find out the indirect effect of emotion regulation in the relationship between entrepreneurial fear of failure and psychological well-being of entrepreneurs.

RESEARCH METHODOLOGY

Research Design

The presented research study aims at the adverse consequences of EFOF on the PWB of entrepreneurs, incorporating the mediating effect of big-five personalities and emotion regulation. Additionally, the investigation explores the potential of resilience to serve as a protective factor in ameliorating the negative impact of EFOF on the PWB of entrepreneurs. To accomplish the study's objectives, a descriptive and causal research design was utilised to investigate the relationships between the relevant constructs. Using measurement scales, standardised questionnaires were administered for data collection.

Measurement Scales

Independent Variable- Entrepreneurial Fear of Failure (EFOF)

The variable EFOF was measured in this study using a formative scale consisting of 7 sub-dimensions (ability to fund, potential of the idea, threat to social esteem, opportunity cost, personal ability, financial security, and the venture's capacity) developed by Cacciotti et al. (2020). The scale was measured on a 7-point Likert basis. There were 21 elements on the scale that assessed how much people feared failing at becoming an entrepreneur. The scale has been shown to have good levels of internal consistency and reliability in previous studies.

Mediating Variables

Big-Five Personalities: Rammstedt and John (2007) developed a 10-item scale that allowed for the measurement of the mediating factors of the big five personalities (OCEAN) in the presented research study. The constructs were measured using a 5-point Likert basis ranging from 1 for strongly disagree to 7 for strongly agree.

Emotion Regulation: The construct of emotion regulation was measured through a 10-item scale developed by Gross and John (2003). The scale assesses the extent to which individuals regulate their emotions via cognitive reappraisal and expressive suppression. It has been extensively utilised in research to comprehend how individuals regulate their emotions in various situations. The scale was measured using a 7-point Likert scale.

Moderating Variable- Resilience

The construct of resilience was measured through the 6-item scale developed by Smith et al. (2008). This scale evaluates an individual's resilience in the face of adversity and

their capacity to keep a positive outlook even when confronted with difficult circumstances. It has been utilised in a significant amount of study to better understand the components that lead to resilient behaviour. The scale was measured using a 5-point Likert scale.

Dependent variable- Psychological Well-Being

The construct of psychological well-being was measured through an 8-item scale developed by Hills and Argyle (2002). The components of the scale were developed with the intention of determining an individual's overall degree of pleasure and contentment with life. The participants are asked to score a series of assertions on a scale that ranges from strongly agreeing to strongly disagreeing with each statement. The scale has been used in several studies with the purpose of determining the participants' mental health as well as their general level of satisfaction. The reliability and validity of the scale have been demonstrated through a substantial amount of study, which has led to its widespread acceptance as a research instrument.

DATA ANALYSIS

The primary goal of this study is to investigate and examine the interrelationships between a varieties of factors by putting those interrelationship hypotheses to the test. This will be accomplished by testing a number of hypotheses through PLS-SEM using SmartPLS.4 software. The primary data collection is examined with the intention of attaining an accurate comprehension of the topics covered by the findings of the study. While the secondary data is majorly extracted from the GEM report. The information that has been provided has been accompanied with a variety of tables, graphs, and charts in order to render the data more understandable and helpful.

FINDINGS OF THE STUDY

- The researcher in this study hypothesised that the persistent fear of failure that entrepreneurs experience adversely affects their PWB. The results of the data analysis demonstrated the negative association between entrepreneurial fear of failure and the psychological well-being of entrepreneurs.
- This research hypothesised the mediating role of OCEAN personalities between EFOF and PWB. According to the findings, extraversion and neuroticism acted as mediators between entrepreneurs' fear of failing and their psychological well-being.
- The results of the data analysis reveal that resilience acts as a buffering mechanism between the negative relationships between entrepreneurial fear of failure and psychological well-being of entrepreneurs.
- The current study hypothesised and empirically tested the function of emotion regulation as a mediator in the relationship between entrepreneurial fear of failure and psychological well-being. The results of the data analysis show that emotion regulation does act as a mediator between EFOF and PWB. This means that entrepreneurs who effectively manage their negative emotions, which emerged in their entrepreneurial journey in the form of fear of failure, reflect higher psychological well-being.

Based on the findings extracted from the data analysis, the presented research has also provided theoretical and practical implications.

SUGGESTIONS

- The government of India should provide support groups and a network forum for entrepreneurs to connect with each other so that they can share their

experiences on a common platform. This exchange of entrepreneurial experiences may help entrepreneurs proactively work on the stressors of creating new business ventures, which conclusively helps in stress management and leads to an elevated level of psychological well-being.

- It is imperative for the Indian government to extend mental health services or resources to entrepreneurs in the form of counselling services, therapy, and stress management techniques.
- In the current scenario of artificial intelligence and digital transformation, the government of India should work on an Android or iOS-based application (Mental Health Apps) that is specifically meant to maintain entrepreneurs' psychological well-being. The application may monitor working hours given by the entrepreneur to the business, the amount of sleep taken by the entrepreneur (sleep pattern), physical activity done by the entrepreneur, and the amount of time spent on technical gadgets like phone call timing, laptop time, etc.
- Finally, the Indian government may extend financial aid programmes and policies, such as tax exemptions or complimentary counselling services, to foster the work-life balance and overall welfare of entrepreneurs. Furthermore, the establishment of partnerships between private and public sectors can provide a plethora of opportunities for entrepreneurs to gain access to healthcare and wellness resources.