



A reconceptualization of fear of failure in entrepreneurship



Gabriella Cacciotti ^{a,*}, James C. Hayton ^b, J. Robert Mitchell ^c, Andres Giazitzoglu ^d

^a Department of Management Studies, School of Business Aalto University P.O. Box 21230 FI-00076 Aalto Finland

^b School of Management and Labor Relations Rutgers, The State University of New Jersey 94 Rockefeller Road Piscataway, NJ 08854, USA

^c Ivey Business School at Western University 1255 Western Rd. London, ON Canada N6G 0N1

^d Newcastle University Business School, 5 Barrack Road, Newcastle upon Tyne, NE1 4SE United Kingdom

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ABSTRACT

Fear of failure both inhibits and motivates entrepreneurial behavior and therefore represents a rich opportunity for better understanding entrepreneurial motivation. Although considerable attention has been given to the study of fear of failure in entrepreneurship, scholars in this field have investigated this construct from distinct disciplinary perspectives. These perspectives use definitions and measures of fear of failure that are potentially in conflict and are characterized by a static approach, thereby limiting the validity of existing findings about the relationship between fear of failure and entrepreneurship. The purpose of this paper is to delineate more precisely the nature of fear of failure within the entrepreneurial setting. Using an exploratory and inductive qualitative research design, we frame this construct in terms of socially situated cognition by adopting an approach that captures a combination of cognition, affect and action as it relates to the challenging, uncertain, and risk-laden experience of entrepreneurship. In so doing, we provide a unified perspective of fear of failure in entrepreneurship in order to facilitate progress in understanding its impact on entrepreneurial action and outcomes.

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I think that worry and fear play a part in business. When I got into business, I got a second mortgage on my car. I didn't have a lot of money. I didn't have a lot of capital. I didn't have a lot of support. If the business hadn't gone up from day one, it would have failed. I can tell you that I was scared to death, because I didn't know where I would go or what I would do if the business failed. I think one of the motivations to a small businessman who's not being capitalized by Ford Motor Company or someone, is fear. Absolute fear. The fear of failure is a part of what motivates me, and any other small business (person) who's honest about it.

[Entrepreneur quoted in Mitchell (1996)]

1. Executive summary

In entrepreneurship research, fear of failure is predominantly investigated as a psychological factor that inhibits entrepreneurial behavior and acts as a barrier to entrepreneurship (e.g., Bosma et al., 2007; Hatala, 2005; Henderson and Robertson, 1999). Although several studies confirm that fear of failure exerts a negative impact on entrepreneurial activity (e.g. Arenius and Minniti, 2005; Li, 2011; Minniti and Nardone, 2007; Langowitz and Minniti, 2007; Wagner, 2007), some empirical evidence

* Corresponding author at: Aalto University School of Business PO Box 21230 FI-00076 Aalto Helsinki Finland.

E-mail addresses: gabriella.cacciotti@gmail.com (G. Cacciotti), james.hayton@smlr.rutgers.edu (J.C. Hayton), rmitchell@ivey.uwo.ca (J.R. Mitchell), andreas.giazitzoglu@ncl.ac.uk (A. Giazitzoglu).

suggests the possibility of both motivating and inhibitory responses to fear of failure in entrepreneurial action (Ray, 1994; Mitchell and Shepherd, 2011).

Although prior research has made progress in understanding fear of failure in entrepreneurship, an examination of the existing entrepreneurship literature on fear of failure reveals that scholars have used multiple theoretical perspectives to explain the nature of this phenomenon and investigate its effects on entrepreneurial behavior (Arenius and Minniti, 2005; Vaillant and Lafuente, 2007; Li, 2011). The description of fear of failure from these different perspectives involves multiple definitions and measures of this construct. These definitions and measures are potentially in conflict and are characterized by a static approach, thereby limiting the validity of existing findings about the relationship between fear of failure and entrepreneurship.

With these limitations as background, the purpose of this paper is to provide a better understanding of the fear of failure phenomenon within the entrepreneurial process. We adopt a qualitative approach to investigate the experience of fear of failure at different stages of the entrepreneurial process. An analysis of 65 interviews with entrepreneurs and potential entrepreneurs in the UK and Canada highlights that fear of failure is more complex than it is depicted in the entrepreneurship literature and is not fully described when characterized as a unidimensional variable. Fear of failure emerges as a combination of cognition, affect and action. All of these components are brought together in a model that describes the process through which the experience of fear of failure is associated with entrepreneurial activity characterized in terms of approach versus avoidance motivations (Atkinson, 1957; Birney et al., 1969; Elliot, 1999; Elliot and Church, 1997).

In doing so, this study contributes to the field of entrepreneurship by shedding light on the fear of failure phenomenon within the entrepreneurial process. Although there is great scholarly interest in this topic more generally, fear of failure is an understudied construct within the entrepreneurship literature. It is not clear whether it is a personality disposition that entrepreneurs should not have (e.g. Arenius and Minniti, 2005) or whether it is a feeling that leaves people discouraged and afraid that they will not succeed even before starting a business (e.g. Ekore and Okekeocha, 2012). In addition, with most of the existing research focusing on factors that impact on the decision to start a business, there is limited understanding of how people experience fear of failure and respond to it throughout the entrepreneurial process. We begin to address these research gaps by developing a richer conceptual understanding of the fear of failure construct. This study also contributes to the fear of failure literature by discussing and testing the boundary conditions of existing theories of this construct. Although psychological research has recognized the importance of environmental features in shaping the experience of fear of failure (Conroy, 2001), by recognizing the uniqueness of the entrepreneurship domain, we highlight the limits of existing models of fear of failure and use the context-sensitivity of this phenomenon as an opportunity to extend the theory on this construct (Whetten, 2009).

2. Introduction

We introduce this open and honest quotation from an entrepreneur to make three points. First, the quotation highlights the potentially pivotal and ubiquitous role played by fear of failure in entrepreneurship and the need to account for this construct in explanations of entrepreneurial decision making and behavior (Cacciotti and Hayton, 2015; Morgan and Sisak, 2016). Second, contrary to prior research on the topic (Arenius and Minniti, 2005; Langowitz and Minniti, 2007; Minniti and Nardone, 2007; Vaillant and Lafuente, 2007), fear of failure needs to be viewed as not only having an inhibiting effect on entrepreneurial behavior, but also as potentially having a motivational effect. And as the entrepreneur seems to suggest, the effect of fear of failure is situated in a larger social context and can depend on the entrepreneur's point in the entrepreneurial process (Mitchell et al., 2014). Third, based on these prior two points, we suggest that fear of failure is an ideal construct of study for understanding the richness of the entrepreneurial motivation—a broad topic that has seen increased interest and focus in recent years (e.g., Asiedu and Nduro, 2015; Chua and Bedford, 2015; Frese and Gielnik, 2014).

Research in the area of entrepreneurial motivation has, for example, highlighted how need for achievement, self-efficacy, optimism, and passion have been found to motivate behavior toward venture emergence (e.g., Bird, 1989; Cardon et al., 2009; Frese and Gielnik, 2014; Hmieleski and Baron, 2009; Shane et al., 2003). Likewise, lack of confidence and aversion to business risk have been demonstrated to inhibit entrepreneurial behavior and to act as barriers to entrepreneurship (e.g., Asiedu and Nduro, 2015; Bosma et al., 2007; Chua and Bedford, 2015; Hatala, 2005; Henderson and Robertson, 1999). But evidence suggests that fear of failure can result in both inhibiting *and* motivating effects (Ray, 1994; Mitchell, 1996; Mitchell and Shepherd, 2011; Morgan and Sisak, 2016), indicating why this construct has received considerable attention (Arenius and Minniti, 2005; Cacciotti and Hayton, 2015; Langowitz and Minniti, 2007; Minniti and Nardone, 2007; Mitchell and Shepherd, 2010; Wood et al., 2014). Indeed, this research on fear of failure has demonstrated how this construct can obstruct nascent entrepreneurial activities (Arenius and Minniti, 2005), help shape the opportunity identification process (Mitchell and Shepherd, 2010; Wood et al., 2014), negatively influence entrepreneurship as an occupational choice (e.g., Arenius and Minniti, 2005; Kihlstrom and Laffont, 1979), and distinguish between nascent entrepreneurs and non-entrepreneurs (Arenius and Minniti, 2005; Minniti and Nardone, 2007; Langowitz and Minniti, 2007; Wagner, 2007).

But as previously noted, notwithstanding the negative connotation generally attached to the fear of failure construct in entrepreneurship, prior empirical work also suggests the possibility of both inhibiting *and* motivating responses to fear of failure in entrepreneurial action (Ray, 1994; Mitchell, 1996; Mitchell and Shepherd, 2011; Morgan and Sisak, 2016). Consistent with psychological theory on avoidance and approach motivation (Atkinson, 1957; Birney et al., 1969; Elliot, 1999; Elliot and Church, 1997), these tentative findings demonstrate that individuals may also avoid failure by working harder to achieve success. In other words, fear of failure may drive both approach and avoidance behavior. Although evidence of the dualistic behavioral impact of fear of failure is consistent with psychological research, these findings highlight a potential opportunity to focus on

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