



Victim entrepreneurs doing well by doing good: Venture creation and well-being in the aftermath of a resource shock ☆☆☆



Trenton A. Williams^a, Dean A. Shepherd^b

^a Whitman School of Management, Entrepreneurship and Emerging Enterprises Department, Syracuse University, 721 University Ave., Syracuse, NY 13244, United States

^b Kelley School of Business, Management and Entrepreneurship Department, Indiana University, 1309 E. Tenth Street, Bloomington, IN 47405, United States

ARTICLE INFO

Article history:

Received 26 August 2015

Received in revised form 6 April 2016

Accepted 6 April 2016

Available online xxxx

Keywords:

Venture creation

Resilience

Resourceful response to adversity

Compassion

Conservation of resources theory

ABSTRACT

Venture creation generates value in a variety of forms both for the entrepreneur him or herself and the venture's stakeholders. Recent research explores entrepreneurial action as a vehicle for personal transformation and development for the individual, especially as it pertains to overcoming adversity. We build on this emerging literature by exploring victims creating new ventures in the aftermath of a disaster event, where widespread adversity threatens entire communities. Following the disaster, some victim resources are destroyed (e.g., property) while others remain (e.g., human capital) at varying levels. We build on organizational emergence and conservation of resources theories and use structural equation modeling to test a victim entrepreneur model of functioning through the creation of ventures to alleviate others' suffering. We find that venture creation mediates the positive relationship between human capital and functioning and that for those who do not create ventures, human capital is negatively related to functioning—highlighting the important role of venture creation for the victim-actor following a disaster event. Implications of these findings for literature on venture creation and responses to adversity are discussed.

© 2016 Elsevier Inc. All rights reserved.

1. Introduction

“Individuals and communities are seldom rendered helpless. Rather, they have a phoenix-like tendency to reemerge from the ashes of disaster and apparent defeat. Culture and survival depend on this” (Hobfoll, 2012: 230).

“When the Black Saturday [February, 7, 2009] fire disaster destroyed 3 km of my property.. I know what it's like to be left alone and to be deserted when you've got ashes and charcoal and misery ... I thought well, I know how to organize people and I know how to plan and prepare, and I don't need to let other people suffer what I did I put my life aside so that I could rebuild other people's lives, and I think that's a great choice to make.”

[Kevin Butler, Entrepreneur following Black Saturday]

☆ We would like to thank Ted Baker and three anonymous reviewers for their support and developmental comments. We would also like to thank Jeff Covin, Jeff McMullen, Don Kuratko, Jeff York, and Shawna Chen for reviewing and offering valuable feedback on earlier drafts. We would also like to thank Benjamin Warnick for his valuable assistance. Finally, we would like to thank for their constructive feedback and input participants of seminars at the Stanford Social Science and Technology, Syracuse University, Indiana University, Oregon State University, University of Oklahoma and Babson College.

☆☆ The field editor was blind to the second author; the second author's name was only visible to the field editor after the paper was conditionally accepted.

E-mail addresses: tawil101@syr.edu (T.A. Williams), shepherd@indiana.edu (D.A. Shepherd).

New ventures are created as value-generating mechanisms for founders and other stakeholders (Fiol and Romanelli, 2012; Stevenson and Jarillo, 1990), where value typically refers to economic profit (Khanna and Rivkin, 2006; Kirzner, 1997) but can also include environmental improvements (Cohen and Winn, 2007; Dean and McMullen, 2007) and/or social and community benefits (Austin et al., 2006; Peredo and Chrisman, 2006). *Venture creation* refers to arranging resources and organizational structures in a novel way (*de novo* or *de alio*) in pursuing opportunities (Stevenson and Jarillo, 1990; see also Gartner, 1985; Katz and Gartner, 1988). In addition, scholars have sought to explain the psychological consequences of venture creation for the entrepreneur him- or herself (Herron and Sapienza, 1992; Morris et al., 2012) as this helps explain the broader implications and motivations of engaging in venture creation. Generally, the focus of this research is psychological motivations for an entrepreneurial career, including the personal satisfaction derived from self-employment (Gimeno et al., 1997) and autonomy in life and career decisions (Smith and Miner, 1983).

Beyond career-motivation research, a small number of studies have explored the transformational potential of venture creation for the entrepreneur. Recently, Powell and Baker (2014) found that ventures functioned as a vehicle for identity transformation in the context of persistent adversity during the Great Recession. In particular, they found that entrepreneurs hold multiple identities, and that while facing a crisis, certain aspects of that identity increased in salience whereas others did not. This is consistent with other recent work that explore changes in identity after a traumatic injury (Haynie and Shepherd, 2011), where entrepreneurial venturing influenced a change in the salience from a prior identity (soldier identity) to an entrepreneur-identity, providing a pathway to change. Consistent with these studies is the emerging literature on prosocial (Miller et al., 2012) or compassion-motivated (Dutton et al., 2006; Shepherd and Williams, 2014) ventures, which have extended the scope of the traditional enterprise (Rynes et al., 2012). While these themes are gradually reshaping traditional perspectives of entrepreneurial venturing and value creation, there is a considerable gap in our knowledge of how venturing to help others impacts the entrepreneur him- or herself. We address this gap by exploring venture creation by victims of a natural disaster and by asking the following question: how does venture creation to alleviate the suffering of others impact those entrepreneurs (and non-entrepreneurs) who are also victims (i.e., are also suffering)?

To address the above research question, we draw upon the conservation of resources (COR) motivational theory of stress response (Hobfoll, 1989, 2002, 2012), the entrepreneurship literature on organizational emergence and venture creation, and the extreme context of a natural disaster to develop a victim entrepreneur model of functioning through the creation of ventures to alleviate others' suffering. We test our model using structural equation modeling (SEM) and, in doing so, offer three primary contributions.

First, individuals can create ventures to help others in non-financial ways, including providing social benefits (Dacin et al., 2011), sustaining communities (Peredo and Chrisman, 2006), and reducing environmental threats (Dean and McMullen, 2007). Similarly, research has suggested that venture creation can benefit entrepreneurs in terms of autonomy (Smith and Miner, 1983) and control of life path (Oyserman et al., 2002). Despite the risk that venturing may further exacerbate one's suffering following an environmental jolt (i.e., should the venture fail or struggle), we theorize and find that victim-initiated new venture creation to help others in the aftermath of a natural disaster results in high post-disaster functioning for the entrepreneur. In other words, venture creation itself can be transformational for the entrepreneur, providing the context for success from the very setting that was threatening. This extends our understanding of what forms of value are derived from new venture creation.

Second, when new ventures are created, a stock of resources (i.e., human capital) appears to facilitate effective response to setbacks, failures, or contingencies (Dimov, 2010); surprises (Delmar and Shane, 2006); and disasters (Shepherd and Williams, 2014) by helping individuals envision new ways to access and use physical resources to create and grow new ventures (Delmar and Shane, 2006; Dimov, 2010). We theorize and find that in the context of a natural disaster, human capital is like a double-edged sword. Namely, those with high levels of human capital who invest that capital in creating new ventures function well in the post-disaster environment. In contrast, those who have high levels of human capital and, rather than drawing upon it for action, engage in resource conservation and protective actions by not creating ventures function least well in the post-disaster environment. This theorizing and finding enhances our understanding of how individuals extract value from human-resource stocks, highlighting the importance of action, specifically, in this case, the creation of new ventures. Similarly, it answers calls to better explain how resources such as "knowledge or skills could degrade if they are not utilized ... [which is] an area of research that has not been adequately explored but has important implications for how individuals approach conservation of their resources" and how this influences well-being (Halbesleben et al. 2014, p. 1346).

Finally, when facing obstacles, fatigue, or even crises, individuals are often encouraged to avoid challenging work activities and preserve remaining resources to restore normal functioning (Hobfoll, 2002; Trougakos and Hideg, 2009). Similarly, research on interventions for mass crises, such as natural disaster responses, has often assumed that nearly all victims of a disaster require immediate respite to preserve remaining resources from further loss (Hobfoll, 2002). However, recent research has suggested that despite experiencing "distress and disease" or other traumas, many individuals are resilient in that they "remain committed and absorbed in their life ... [which] is fascinating and something we know little about ... [and is] nothing less than the next horizon for research on stress" (Hobfoll, 2011, p. 128). We theorize and find that in the context of a widespread crisis event, individuals who are victims of the disaster and *apply* their existing resources by engaging in the creative and intensely demanding activity of venture creation are more likely to experience positive functioning outcomes. This finding enhances our understanding of responses to extreme stressors and the activities that influence positive outcomes for victims. In addition, this finding extends literature on the types of activities that are energizing by showing that acts of helping others through venture creation positively influence the entrepreneur's functioning.

Download English Version:

<https://daneshyari.com/en/article/10493888>

Download Persian Version:

<https://daneshyari.com/article/10493888>

[Daneshyari.com](https://daneshyari.com)