Entrepreneurial Psychological Capital

*the personal psychological resources which entrepreneurs need to be successful*

- Focus on those *characteristics* which are open to development
- Draw on literatures of entrepreneurship psychology, positive psychology / psychological capital, psychological resource theory
• What is the practice context?
• What are entrepreneurs?
• What is success?
• What are psychological resources?
• What is entrepreneurial psychological capital?
• What does it predict?
The Practice Context

• Entrepreneurship Education

• Northumbria
  – Top UK university for start-ups
  – Santander funding for e-hub

• Entrepreneurial Business Management
  
  On this course you’ll think of yourself more as a ‘team-entrepreneur’ than a student. You’ll learn through doing real business, not simulations, supported by team-based coaching.

• [https://www.northumbria.ac.uk/study-at-northumbria/courses/entrepreneurial-business-management-ba-ft-uufebz1/](https://www.northumbria.ac.uk/study-at-northumbria/courses/entrepreneurial-business-management-ba-ft-uufebz1/)
### PEDAGOGY, ANDRAGOGY & HEUTAGOGY

<table>
<thead>
<tr>
<th></th>
<th>PEDAGOGY CHILDREN</th>
<th>ANDRAGOGY ADULTS</th>
<th>HEUTAGOGY SELF-DIRECTED LEARNING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEPENDENCE</strong></td>
<td>Learner is dependent. Teacher determines what, how, when.</td>
<td>Independent. Strive for autonomy and self direction</td>
<td>Interdependent. Identify potential to learn from novel experiences as matter of course. Self-managed</td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>Teacher devises transmission techniques</td>
<td>Use own and other's experience</td>
<td>Teacher provides some resources but path is negotiated</td>
</tr>
<tr>
<td><strong>REASONS</strong></td>
<td>To advance to next stage</td>
<td>Want or need to know, possibly to perform</td>
<td>Learning not necessarily planned or linear. Learning for its own sake.</td>
</tr>
<tr>
<td><strong>FOCUS</strong></td>
<td>Subject / curriculum focussed</td>
<td>Task/Problem centred</td>
<td>Beyond problem-solving. Reflections, environmental scanning, interaction with others.</td>
</tr>
<tr>
<td><strong>MOTIVATION</strong></td>
<td>External - teachers, parents, competition</td>
<td>Internal. Positive feedback from success</td>
<td>Self-efficacy, knowing how to learn, creativity, transferability.</td>
</tr>
<tr>
<td><strong>TEACHER'S ROLE</strong></td>
<td>Designs, imposes material</td>
<td>Enabler/facilitator</td>
<td>Develop learner's capability...so that they know how to learn, are creative, work well with others, apply learning to novel situations</td>
</tr>
</tbody>
</table>
Enterprise and Entrepreneurship Education:
Guidance for UK Higher Education Providers

January 2018
Enterprise / entrepreneurship education

Figure 3: Assessing Enterprise and Entrepreneurship - the gateway triangle
Figure 4: EntreComp framework
Figure 5: The journey towards entrepreneurial effectiveness

- **Entrepreneurial mindset**
  - Personality and social identity
  - Ambition, motivation and goals
  - Personal confidence and resilience
  - Self-discipline and personal organisation
  - Extending beyond perceived limitations
  - Tolerance of ambiguity and risk
  - Reflection on failure - to go forward
  - Ethical, social and sustainable values

- **Entrepreneurial awareness**
  - Understanding what enterprise means to me

- **Entrepreneurial competencies**
  - Creativity and innovation
  - Opportunity recognition, creation and evaluation
  - Decision making
  - Implementation through leadership and management
  - Reflection/Reflexivity into action
  - Communication and strategy
  - Digital, data and media

- **Entrepreneurial effectiveness**
  - Independent self-direction
  - Goal setter
  - Goal evaluator and reviewer
  - Opportunity leader
  - Data evaluator
  - Business generator
  - Value enhancer
  - Value evaluator
  - Market orientation
  - Media communicator
WEAK FOUNDATIONS?

- Definitional Issues
  - Some mutually exclusive
  - Difference between definitions proposed and samples used
- Myriad of constructs / collinearity
- Theory borrowing
  - Measures developed in one domain often don’t transfer
- Dependent Variables – success?
Success?

- Business Finance
- Workplace Relationships
- Personal Fulfilment
- Community Impact
- Personal Finance
Psychological Resources

- Psychological Resource Theory (Hobfoll, 2001)
- Use of resource metaphor in entrepreneurship (Financial, Human, Social, Technological Capitals)
- Resources can be acquired, marshalled, conserved, depleted
Research Questions

• What are the psychological resource needs of new venture founders?
• What is the factor structure of entrepreneurial psychological capital?
• Which factors are important in predicting successful outcomes?
• How can the psychological resources of nascent entrepreneurs be developed and maintained?
Construct Inclusion Criteria

• Psychological! (ie not just a skill)
• Positive Psychology
• Theory Based
• State-like (not a fixed trait or a passing emotion)
• Malleable
• Related to performance and other related outcomes
• Fits with psychological resource theory
Possible Constructs

• Domain Specific
  – Hope
  – Optimism
  – Resilience
  – Efficacy
  – Courage
  – Sense of purpose (more than money)
  – Flow
  – Humour
  – (Creativity)
Research Outline

• Face validity – entrepreneurs and subject matter experts from – Subject matter experts and entrepreneurs – 13 from 7 countries

• 63 Items on long list
• 269 post startup entrepreneurs (trading < 2 years) was recruited via LinkedIn

• 83 (30.9%) were female and 186 male (69.1%) which is broadly in line with entrepreneur populations reported in Global Entrepreneurship Monitor (Herrington and Kew, 2017).

• UK 111, North America 74, EU not UK 33, India 36, Africa 2, Asia 2, Australasia 14, Other / Not specified 7. Mean average age was 37.93 (SD 10.54).
<table>
<thead>
<tr>
<th>Factors</th>
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</thead>
<tbody>
<tr>
<td>Hope</td>
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<tr>
<td>Positive Expectations</td>
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<tr>
<td>Pessimism</td>
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<tr>
<td>Self-reliance</td>
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<tr>
<td>Determination</td>
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<tr>
<td>Courage</td>
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<tr>
<td>Attribution</td>
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<tr>
<td>Efficacy - Opportunity</td>
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<tr>
<td>Efficacy - People</td>
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<tr>
<td>Efficacy - Finance</td>
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<tr>
<td>Efficacy - Communications</td>
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</tbody>
</table>
# Factor Structure & Correlation Matrix

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
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</thead>
<tbody>
<tr>
<td>Hope</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Positive Expectations</td>
<td>2 0.306*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Pessimism</td>
<td>3 0.063</td>
<td>0.042</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Self-reliance</td>
<td>4 0.300*</td>
<td>0.369*</td>
<td>0.133*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Determination</td>
<td>5 0.303*</td>
<td>0.431*</td>
<td>0.081</td>
<td>0.312*</td>
<td></td>
<td></td>
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<tr>
<td>Courage</td>
<td>6 0.404*</td>
<td>0.164*</td>
<td>0.107*</td>
<td>0.315*</td>
<td>0.330*</td>
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<tr>
<td>Attribution</td>
<td>7 -0.002</td>
<td>-0.054</td>
<td>-0.135*</td>
<td>0.031</td>
<td>0.044</td>
<td>-0.059</td>
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<tr>
<td>Efficacy - Opportunity</td>
<td>8 0.308*</td>
<td>0.285*</td>
<td>0.056</td>
<td>0.303*</td>
<td>0.218*</td>
<td>0.197*</td>
<td>0.034</td>
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<tr>
<td>Efficacy - People</td>
<td>9 0.375*</td>
<td>0.271*</td>
<td>0.170*</td>
<td>0.364*</td>
<td>0.353*</td>
<td>0.332*</td>
<td>0.02</td>
<td>0.282*</td>
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<tr>
<td>Efficacy - Finance</td>
<td>10 0.248*</td>
<td>0.167*</td>
<td>0.140*</td>
<td>0.172*</td>
<td>0.229*</td>
<td>0.177*</td>
<td>0.053</td>
<td>0.062</td>
<td>0.367*</td>
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<tr>
<td>Efficacy - Communications</td>
<td>11 0.188*</td>
<td>0.101</td>
<td>0.063</td>
<td>0.149*</td>
<td>0.214*</td>
<td>0.260*</td>
<td>0.055</td>
<td>0.129</td>
<td>0.287*</td>
<td>0.156*</td>
</tr>
</tbody>
</table>

*=p<0.5
• Hope > Financial Success
The Future

• It’s exciting!

• First step in longitudinal cohort study

• Have collected some qualitative data as well 1st stage of longitudinal cohort study. Start to tease out covariance

• How do we help founders to develop and maintain relevant psychological resources?

• Develop comprehensive entrepreneurship psychology model