

The Contribution of Psychological Capital to Entrepreneurs Success during Recessionary Times.

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Dhammika Silva
Waikato Institute of Technology
Private Bag 3036
Hamilton
New Zealand

****Maree Roche**
Principal Academic Staff Member
School of Business
Waikato Institute of Technology
Private Bag 3036
Hamilton
Phone: +64 7 8348800 ext 8914
Email: maree.roche@wintec.ac.nz

****Note:** Maree Roche is the corresponding author. Please direct all correspondence directly to her.

Abstract

The growth in research surrounding psychological capital continues to gain momentum as a positive explanatory theory of peak performance. The four dimensions of psychological capital - resiliency, hope, optimism and efficacy, have been well examined in relation to positive workplace functioning, however, less is understood about the contributions that psychological capital can make towards entrepreneurial success (Luthans, 2006), especially in light of the current recession. Williams (1999) for example, found that entrepreneurs are more likely to be affected by 'recession fatigue', increasing entrepreneurs stress, isolation, personal efficacy and burnout. The present study reports on a pilot study of 4 entrepreneurs, in order to ascertain the potential contribution of psychological capital, for entrepreneurs, during a recession.

Method: Four market leaders were chosen randomly via the yellow pages, within the Waikato region. Depth interviewing was undertaken. These interviews focussed on examples of psychological capital (all of the four dimension – resiliency, hope, optimism and efficacy – were sought) of the entrepreneurs before the recession, implications of the recession for these business owners, and a current assessment of these entrepreneurs psychological capital. Data gained was content analysed, and a thematic search undertaken.

Findings: Although all four dimensions of psychological capital enhanced entrepreneur's ability to manage during the recession, optimism and hope were expressed as essential in terms of remaining successful. Moreover, those entrepreneurs who demonstrated psychological capital before the recession were better able to buffer the impacts of the recession.

Overall, this pilot study adds to the sparse body of research surrounding psychological capital in relation to successful entrepreneurial behaviour, during recessionary times.

Key words: Psychological Capital, Entrepreneurs, Success