World Encyclopedia of Entrepreneurship

Edited by Léo-Paul Dana
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Implicit theories of entrepreneurship

Jeffrey M. Pollack

Implicit theories that individuals hold about human characteristics have influence in numerous domains such as morality, personality, negotiation, leadership, intelligence, work and sports (for a review see Dweck and Leggett, 1988; Kray and Haselhuhn, 2007; Maurer et al., 2003). The idea that individuals differ in their belief systems and that these structures greatly influence attitudes and behavior is common to many perspectives on human behavior. For example, Piaget asserts that the development of meaning systems is as important as logical thinking in forming behavior (Piaget and Garcia, 1991). And, Kelly (1955: 8–9) suggests that each person sees the world through their own frame of reference or their own ‘transparent template’. This social-cognitive approach is useful in an array of domains and would likely contribute to the study of entrepreneurship (Locke and Baum, 2007).

Specifically, Dweck’s Implicit Theory Approach (ITA), which examines differences in goals, attributions, and motivational strategies stemming from a person’s beliefs, may be a useful tool by which the literature on entrepreneurial motivation can be extended (Hong et al., 1999; Dweck and Leggett, 1988). For example, Dweck’s ITA provides a framework for understanding a person’s affect, cognition and behavior. The use of a social-cognitive approach within the field of entrepreneurship could prove promising for understanding goal-setting, achievement and responses to business setbacks for developing entrepreneurs (Dweck and Leggett, 1988).

Within the domain of entrepreneurship, a person can either hold an entity implicit theory of entrepreneurship (that is, entrepreneurs are ‘born’) or an incremental implicit theory (that is, entrepreneurs are ‘made’). For instance, some individuals might believe more strongly in an entity theory adopting the idea that trying to change your entrepreneurial ability is like trying to change your natural eye and hair color (Pollack and Hawver, 2007), whereas some individuals might be more oriented towards an incremental theory believing that practice, hard work, effort, and persistence can change entrepreneurial ability (Pollack and Hawver, 2007).

A person’s implicit theory of entrepreneurship, similar to other domains, will likely impact the propensity of an entrepreneur to be successful. People with entity and incremental meaning systems think, feel and act differently under similar situations. For example, two entrepreneurs who experience the same setback (for example, cost overruns, yearly losses) will react to the failure in accordance with their beliefs that guide the way they interpret their social world. A person more oriented towards an entity belief may react in maladaptive ways by expressing feelings of hopelessness, inadequacy and discouragement. In contrast, more incremental views can help buffer the potential downside of setbacks. For incremental theorists, failure has different meaning. It is an indication that more work or a different strategy is needed, rather than an indication that one lacks to ability to succeed. Thus, individuals with incremental beliefs should react with more positive coping strategies (for example, seeking the advice of a mentor, setting goals, working harder).
Locke and Baum observe that 'Nearly all entrepreneurs at some point in their careers will confront difficult obstacles (e.g., barriers to entry) or will have setbacks (e.g., a product that does not work as planned, cost overruns) or will even fail completely (and have to start over)' (2007: 102). How a person responds to the inevitable setbacks an entrepreneur encounters is a defining characteristic between entrepreneurs and non-entrepreneurs (Baum and Locke, 2004; Locke and Baum, 2007; Shaver and Scott, 1991; Shepherd, 2004). A person's implicit beliefs about the nature of entrepreneurial ability influence intentions in response to setbacks, establish the framework by which events are interpreted and this line of research, examining individual-level cognitive processes, may be particularly useful in understanding persistence in the face of challenges within the field of entrepreneurship (Baron, 1998; 2004).

REFERENCES