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**Fear of Failure and Entrepreneurship: A
Review and Direction for Future Research**

Gabriella Cacciotti,
Warwick Business School,
University of Warwick,
Coventry, CV4 7AL, United Kingdom,
Gabriella.Cacciotti.12@mail.wbs.ac.uk

James C. Hayton,
Warwick Business School,
University of Warwick,
Coventry, CV4 7AL, United Kingdom,
James.Hayton@wbs.ac.uk

One of the most common fears among entrepreneurs is called the fear of failure (Bosma *et al.* 2008). Drawing on psychological and socio-psychological theories, the experience of fear of failure can be described as the appraisal of threats in evaluative situations with the potential for failure (Conroy 2001). These situations activate cognitive schema or beliefs associated with the aversive consequences of failing and may cause different behavioural responses: approach the threat aggressively (fight), avoid facing the situation (flight), or be paralyzed in the situation (freeze) (Conroy 2004; Gray 1971; Elliot 1997). However, an examination of the entrepreneurship literature shows that the fear of failure is predominantly assumed to be a barrier to entrepreneurship.

Regulation as a dynamic influence on small business performance

This assumption has two important consequences on the study of fear of failure: 1) the role of the construct is mostly examined in relation to the decision to start/not start a business venture, and 2) the focus of the analysis is only on its detrimental rather than beneficial effects. This restrictive perspective on the nature and experience of fear of failure has led researchers to think that fear is not or should not be part of the entrepreneurial journey. We challenge this assumption on theoretical ground and set the stage for future empirical investigation.

Our objective is to shine a brighter light on the fear of failure (FF) phenomenon. Following a review of the existing entrepreneurship literature that addresses FF, we demonstrate clear limitations in research on fear of failure in this setting to date. Studies on fear of failure and entrepreneurship can be subdivided into two groups based upon the definition of fear of failure that is applied. The first group represents studies that define fear of failure in terms of risk aversion (e.g. Ray 1994; Helms 2003; Wagner and Stenberg 2004; Arenius and Minniti 2005; Hessels *et al.* 2011). The second, much smaller group of studies defines fear of failure as negative emotion resulting from the perception of environmental threats (e.g. Patzelt and Shepherd 2011; Welpe *et al.* 2011; Li 2011). The first set therefore implies a personological orientation, which describes fear in terms of individual characteristics: the tendency to experience fear is considered something that distinguishes one person from another. The second set assumes a motivational orientation to the construct: fear is something that is experienced as the result of environmental cues, and is associated with certain psychological and behavioural outcomes. This is an important distinction, which has implications for how fear of failure in entrepreneurship can be conceived and studied.

Our review shows that the field has only considered a limited aspect of the behavioural and affective correlates of fear. However, lack of precision and coherence in the conceptualization and operationalization of fear of failure within this literature suggests that caution is needed before accepting the assumption that fear of failure is always, or only, a barrier to entrepreneurship. Consequently, we suggest that a deeper understanding of the fear of failure phenomenon is needed. Therefore, we consider the broader psychological and social psychological literature on the fear of failure, and discuss the diversity of the entrepreneurial setting to highlight the emotional, cognitive, and behavioural complexities fear of failure may generate in this context. We then propose direction for future research.