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The Relationship of Resilience and Entrepreneurial Intentions

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Abstract

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development the country. Moreover, a career in entrepreneurship also offers significant opportunities for individuals to achieve financial independence and benefit of the economy by contributing to job creation, innovation and economic growth. However, in Indonesia there are only 0.18% of 220 million people who are entrepreneurs which is far less than 2 percent of the people.

In this regard, from a psychological point of view, the intention to become an entrepreneur has been described as the single best predictor of actual behavior (Ajzen, 1991). On the other hand, it is also understood that one of the characteristic to become a success entrepreneur is the person should be resilience. The question was raised whether there is a relationship between resilience and entrepreneurial intentions. To collect the data this study used the modified AQ Profile (Stoltz, 1997) to assess participants resilience and Entrepreneurial Intention Questionnaire (EIQ) developed by Linan & Chen (2006), which has been recently modified and validated, to measure entrepreneurial intentions amongst University of Indonesia students and employees.

This research was done amongst University students (N= 93) and employees (N=107). Findings indicated that there was no significant correlation between Adversity Quotient and Entrepreneurial Intention amongst University students. However, there is a significant correlation between Resilience (Adversity Quotient) and Entrepreneurial Intention amongst employees.

Keyword: Entrepreneurship, Entrepreneurial Intentions, AQ (Adversity Quotient), and Resilience.

1. Introduction

Entrepreneurship is becoming a very relevant instrument to promote economic growth and development the country. Moreover, a career in entrepreneurship also offers significant opportunities for individuals to achieve financial independence and benefit of the economy by contributing to job creation, innovation, and economic growth. A great deal of research has studied the reasons for creation of new enterprises and the entrepreneurial characteristics. In Indonesia itself a lot of things have been done in order to develop individuals to pursue entrepreneurial endeavors both for employees and students (high school and university students). An important question has emerged is why some individuals decide to pursue entrepreneurial endeavors while others do not. In this regard, understanding the factors that influence and shape individual's of starting a business is critical if programs and policies are to be developed to encourage entrepreneurial behavior. Previous research has identified the role of risk tolerance, income and preference for independence as being significant in the decision to be self-employed (Douglas & Shepherd, 2002). Individuals with more tolerance for risk and stronger positive attitudes toward income and independence are more likely to want to pursue an entrepreneurial endeavor. From a psychological point of view, the intention to become an entrepreneur has been described as the single best predictor of actual behavior (Janzen, 1991). On the other hand, it is also understood that one of the characteristic to become a success entrepreneur is the person should be resilience. The question was raised whether there is a relationship between resilience and entrepreneurial intentions. This paper explores the relationships between resilience (measures with Adversity Quotient) and entrepreneurial intentions in two types of group's employees and students.

2. Theoretical Background

2.1 Entrepreneurial Intention

The entrepreneurial intention has been considered as the key element to understand the new-firm creation process (Bird, 1988). In this sense, entrepreneurial research has been conducted following two main lines; the personal characteristics or traits of the entrepreneur, and the influence of contextual factors in entrepreneurship (Robinson et al., 1991). According to the theory of planned behavior (TPB), entrepreneurial intention indicates the effort that the person will make to carry out that entrepreneurial behavior. It captures the three motivational factors, or antecedents, influencing behavior (Ajzen, 1991; Linan, 2004 in Linan et al., 2008). The three motivational factors are as follows:

- 1) Attitude toward start-up (Personal attitude – PA), refers to the degree which the individual holds a positive or negative personal valuation about being an entrepreneur (Ajzen, 2001, Autio et al. 2001; Kolvereid, 1996b in Linan et al. 2008). It includes not only affective (I like it, it is attractive) but also evaluative considerations (it has advantages).
- 2) Subjective norm (SN) measures the perceived social pressure to carry out or not entrepreneurial behaviors. In particular, it refers to the perception that “reference people” would approve the decision to become an entrepreneur, or not (Ajzen, 2001).
- 3) Perceived behavioral control (PBC) is defined as the perception of the ease or difficulty of becoming an entrepreneur. It is therefore, a concept quite similar to self-efficacy (SE) (Bandura, 1997 in Linan et al., 2008) and to perceived feasibility (Shapero & Sokol, 1982 in Linan et al., 2008). All three concepts refer to the sense of capacity regarding the fulfillment of firm-creation behaviors. Nevertheless, recent work has emphasized the difference PBC and self-efficacy (Ajzen, 2002). PBC would include not only the feeling of being able to, but also the perception about controllability of the behavior.

In this case, Hisrich, Peters, and Shepherd (2008), mentions that entrepreneurial intention is: “*The motivational factors that influence individuals to pursue entrepreneurial outcomes*” (p. 58).

2.2 Resilience & Adversity Quotient

According to Stoltz (2000), *Adversity Quotient is a “hardwired pattern of response to all and magnitudes of adversity, from major tragedies to minor annoyances”* (Stoltz, 2000: 3.)

Stoltz (2000) mentioned that there are 4 CORE dimensions that make up the AQ; namely Control, Ownership, Reach, and Endurance.

1) Control

Control has two facets. First to what extent that you are able to positively influence a situation? Second, to what extent can you control your own response to a situations? Control is about 1). Your perceived ability to alter a situation, and 2) your Response Ability, which is the ability to control your own response to anything that may arise. In this regard, can be divided by two categories; a. delayed Response Control, and b. Spontaneous Response Control. In this regard, Control influences all that follows from adversity, as well as the price you pay from the moment it strikes. The greater the adversity, the greater the potential toll, and the more profound the benefits of positive influence and response control.

2) Ownership

Ownership helps us to redefine accountability in highly constructive and practical terms. The dimensions of your AQ assess the extent to which you take it upon yourself to improve the situation at hand, regardless of its cause.

3) Reach

Reach explores how far you let adversity go into other areas of your work and life. Reach determines how large you perceive the problem to be, or its apparent extent. Logically, the larger the problem appears, the greater its potential to induce fear, helplessness, apathy, and inaction.

4) Endurance

Endurance dimensions assess and describe how long one perceives the adversity will endure. Those with lower AQs are more likely to perceive adversity as enduring, and those with higher AQs possess an almost uncanny ability to see past even the most dire circumstances (Stoltz, 2000).

Quitters, Campers, and Climbers

Furthermore Stoltz (2000) also mentions that there are 3 types of people that can be categorized by their AQ score, namely: Quitters, Campers, and Climbers.

Quitters are the people who retired years ago but just never bothered to tell anybody. At some point Quitters were overwhelmed by the challenge of the ascent and gave up on their higher pursuits. They ignore, mask, or desert their basic core human drive to ascend and, with it, much of what life offers. Unfortunately for them, and for those around the Quitters often are bitter and depressed about their lot in life. They are resentful of the climbers, and even the Campers, around them. When adversity strikes, Quitters’ operating system freeze or cash.

Campers, for the most part, are retired Climbers. They get the job done sufficiently; they simply don’t drive as hard or sacrifice as much as they once did. They’ve lost the edge. Their operating system get bogged down, or they have reached some limits beyond which they seem unable to speed, capacity, and capabilities the once had. Campers represent half-tapped potential. At some point in their careers and live, they understandably got tired of the ascent up the mountain and they found a nice, comfortable place to sit out their remaining years. They have sacrificed their highest aspirations and contributions for the security and stability they now may enjoy. I say “may” because, ironically, the mountain is far from stable. The campground is continually rocked by an avalanche of change that causes Campers great consternation and fear. More tragically, while Campers may have been successful in reaching the campground,

once they abandon the ascent they gradually atrophy and lose their ability to Climb, assessing an incalculable cost on themselves and their organizations.

Climbers are dedicated to a lifelong ascent. Their operating systems drive an inner relentlessness that immunizes them from adversities. Climbers make things happen. They are tenacious and refuse to accept defeat for long. They step into the very fear that paralyzes so many others. Although they may face more adversity than others, they continue to think in terms of possibilities and rarely allow any internal factor or external obstacle to get in the way of their ascent. They are fueled by challenges and refuse to be insignificant in their work or their relationships. Because of their operating systems, they simply learn from each challenge, adapt, grow, and move on to the next mountain.

Table 1: The Characteristics of High and Low AQ Scores

Low AQ score	High AQ score
Give up	Be resilient in the face of adversity
Become overwhelmed	Be a top performer and sustain high performance
Become depressed	Be <i>authentically</i> optimistic
Not tap one's full potential	Take necessary risks
Feel helpless	Thrive on change
Suffer illness	Remain healthy, energetic, and vital
Propagate the Nocebo Effect	Take on difficult and complex challenges
Get mired in problems	Persevere
Avoid challenging jobs and situations	Innovate to find solutions
Leave good ideas and tools unused	Be an agile problem solver and thinker
	Learn, grow and improve

3. Methods & Measures

The empirical analysis has been carried out on two types of sample as follows: a sample of employees (N=107), who are at least has been working for two years, graduated from high school, and within the range of age 25-55 years old. The second group of sample is university students (N= 93) who has taken Entrepreneurship class as one of their subjects. These university students are from University of Indonesia, which is the best and largest university in Indonesia, and one of their visions is to become a worldwide research and entrepreneurial university. The Entrepreneurial Intention Questionnaire (EIQ) used for this study is a modified version of the one used by Linan and Chen and has been modified in Indonesian language (Bahasa Indonesia.) On the other hand, Adversity Quotient Questionnaire has been modified to Bahasa Indonesia from the AIQ used by Stolzt (2000.) Multiple correlations have been computed for each of the three motivational antecedents, plus three dimensions of AIQ.

4. Result & Analysis

In order to know the profile of Entrepreneurial Intention for the students and the employees, Table 2, shows that in general most of the students have higher grade in EI compares to the employees.

Table 2: Level of Entrepreneurial Intention (EI)

Level EI	Students		Employees	
	N	%	N	%
Low	42	45.2	55	51.4
Medium	-		33	30.8
High	51	54.8	19	17.9
Total	93	100	107	100

It can be concluded that in general students have Entrepreneurial Intention higher than the employees'. This can be assumed that the employees are more reluctant to become entrepreneur compares to the students (especially for the students who took entrepreneurial class).

Moreover, it also can be said that the employees has more resilience (higher AQ) compares to the students'. In Table 4 it has mentioned that the number of low score of AQ is higher in the students rather than in the employees, and vice versa the number of high scores can be found more in the employees rather than in the students.

Table 3: Level of Adversity Quotient (AQ)

Level EI	Student		Employee	
	N	%	N	%
Low	54	58.1	31	29
Medium	28	30.1	51	47,7
High	11	11.8	25	23,3
Total	93	100	107	100

From the computed correlation between AQ and EI for the two groups it can be seen that there is no positive and significant correlation between AQ and EI for the students respondents and there is a positive and significant correlation (r: .462) for the employees.

Table 4: Correlation between Adversity Quotient (AQ) and Entrepreneurial Intention (EI)

	Student	Employee
R	.149	.462
R square	.022	.231
Sig.	.153*	.000**

* Not significant

** Significant at l.o.s. 0.05

In order to enrich the data of the correlation between AQ and EI, it also has computed the dimension of the Adversity Quotient and Entrepreneurial Intention.

Table 5: The Correlation of dimension Adversity Quotient (AQ) and Entrepreneurial Intention (EI)

	Student		Employee	
	R	Sig.	R	Sig.
Control & EI	.225	.033	.216	.028*
Ownership & EI	-.067	.521	.119	.231
Reach & EI	.035	.738	.066	.509
Endurance & EI	-.046	.661	.013	.898

* Significant at l.o.s 0.05

From the results it can be concluded that there is a positive significant relationship (r: 0,462, l.o.s. 0.05) between Adversity Quotient and Entrepreneurial Intention for the employees, and there is no positive correlation between Adversity Quotient and Entrepreneurial Intention for the students. Furthermore it can be seen that from the computed correlation between CORE dimensions and Entrepreneurial Intention, it shows that only Control that has positive with Entrepreneurial Intention.

5. Conclusions, Discussion, & Recommendations

5.1 Conclusions

From the results, it shows that at the employee data, there are a positive and significant relationship between Self Resilience/high AQ score and Entrepreneurial Intention, which mostly has strongly contributed by the Control dimension. In this regard, it means that with higher the AQ score, the higher also the score of Entrepreneurial Intention. On the other hand, based on the AQ score results, it can be seen that the employee in general can be categorized as Camper or Climber (has high AQ) score compares to the students.

The results also shows that university students is having more low scores in Adversity Quotient than in Entrepreneurial Intention, which as a result activities should be conducted to develop their score of Adversity Quotient, in order to be succeeded as a future Entrepreneur.

When we talk about the university students, the data shows that there is no positive significant correlation between Adversity Quotient and Entrepreneurial Intention and in general the score of AQ is in low level, but the employees seem has more lower scores compares to the students. The interesting results shows in the students' result which mention that they have quite high score in Entrepreneurial Intention but in general has low scores in Adversity Quotient, this score should be taken into thorough consideration, because if the students actually become entrepreneur but without the adequate supports from his attitude and traits (in this regard their resilience) then there will have some problems in the future. In this regard, university management should also equip the students not only with the development of their intention and skills as entrepreneurs but also equip them with soft skills needed as tough and competent entrepreneurs.

There is still much to be learned to really understand the mental process leading to the start-up decision namely demographical factors such as age, position (student or employee), as well as external factors. In this regard, a further research with larger and variation samples is recommended.

The main conclusion drawn from this study relates to a better understanding of the profile comparison between students and employee in the field Entrepreneurial Intention and Adversity Quotient. In this regard, it appears that to become an Entrepreneurship University, there should be many activities such as trainings, coaching, etc. to enhance the entrepreneurial intention in the university students.

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