EXAMINING FOUR DIMENSIONS OF ENTREPRENEURS’ PERCEPTIONS ON SPOUSES’ REACTIONS TO NEW VENTURE CREATION – REALISTIC OPTIMISM, PESSIMISM, OTHER ENTREPRENEURIAL CHARACTERISTICS, AND EXPECTATIONS

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ABSTRACT

This paper was designed to determine entrepreneurial characteristics, expectations, optimism realism and pessimism and, from the entrepreneur’s perspective, whether or not spouses were happier and felt financially better off, whether the entrepreneur would start again and if the spouse would support starting again as a result of the entrepreneur having started a venture. Entrepreneurs who had the tested characteristics, high expectations, optimism and realism would start again, thought their spouses were happier, felt financially better off and felt that their families would support starting again. Pessimism was negatively related to the variables.

INTRODUCTION

There has been a rich discussion regarding individual-specific factors associated with the decision to be an entrepreneur and to start a new venture, yet not much research has explored influences or reactions to entrepreneurship among married couples (Parker, 2005). Some literature have begun to extend to the domain of the entrepreneurial families to reflect growing attention and recognition of the impacts of new venture creations on married couples, parental influence on self-employment choices, and the growing interests among female entrepreneurs and the role of their husbands in the decision-making process (Blanchflower & Meyer, 1994; Bates, 1995; Dunn & Holtz-Eakin, 2000; Caputo & Dolinsky, 1998; Bruce, 1999; Aldrich & Cliff, 2003). However the literature has largely ignored how spousal reactions to the entrepreneurial propositions may influence decisions.

This article focuses on understanding how entrepreneurs think about their spouses’ reaction to potential new venture creation decisions, give four different dimensions of entrepreneurs’ perceptions – realistic optimism, pessimism, other entrepreneurial characteristics (self-confidence, independence in decision making, creativity, and willingness to accept risks), and expectations of entrepreneurial outcomes on financial returns and family happiness. There are three reasons for us to choose these four dimensions of entrepreneurial perceptions as the core of the paper. First, optimism, realism and pessimism are newly introduced to entrepreneurship studies in recent years, and there is a lack of understanding what these factors mean to entrepreneurial couples and how they impact decisions. Several studies have confirmed the importance of
recognizing the differences between optimism, realism, and pessimism and other entrepreneurial characteristics (references will be added later due to authors’ identities).

There is a need to further examine the levels of effects of optimism, realism, and pessimism on entrepreneurs and their decisions in venture creation. Second, married couples face different challenges in the entrepreneurial process compared with single persons. Financial incentives and quality of family life are two major concerns for married couples when one of them (or both of them) decides to start a business. There have been few studies to actually explore and analyze how entrepreneurial perceptions of their spouses responses to the concerns regarding the family financial situation and/or the quality of family life impact decisions. Thirdly, entrepreneurial decisions for married couples provide both positive and negative experiences for the couples. We have learned from much of the literature that entrepreneurs are often persistent and are willing to take risks, with or without considering their spouses’ feelings. There is a gap in entrepreneurship literature to reveal if and how entrepreneurs might react to spouses concerns.

This article presents the results of a unique study designed to reveal more about the interactions between entrepreneurs and their spouses. More importantly, based on entrepreneurs’ perceptions, how they believe their spouses react to the impacts of new venture creation on family life and the impact on decisions. It is not our intention to generalize our conclusions based on a limited sample. However the results of this study provide new knowledge and new information that have not been discussed before. We think that there has been a major gap in entrepreneurship theory to establish a systematic approach that could explain how entrepreneurship affects married couples. Many assumptions remain untested associated with family decisions. We also acknowledge that new venture creation is a process that may change from time to time as a result of changes in the social, political, or economic environment. The perceptions of married couples on entrepreneurship will also change over time.

LITERATURE REVIEW

After decades of debate, scholars have agreed that a crucial aspect of entrepreneurship involves the recognition of emerging business opportunities, which are often exploited through the new venture formation. While most of the research has focused on entrepreneurs and environment, very little attention has been paid to how spouses impact the entrepreneurial process. Some scholars have argued that this oversight is understandable since business and families are commonly considered to be distinct social institutions to be studied by scholars in separate domains. Nonetheless, the majority of businesses in the US are family businesses or more particularly families in business, and it is important to study the dynamics and interrelations between married couples and entrepreneurship.
Research on Entrepreneurial Characteristics, Optimism and Realism in Entrepreneurship and Psychological Literature – Neglect of Spousal Reactions

Much of the work on entrepreneurial characteristics has discussed high achievement drive, action oriented, internal locus of control, tolerance for ambiguity, moderate risk taking, commitment, opportunistic, initiative, independence, commitment/tenacity, creativity, and optimism (Liang & Dunn, 2003; Malach-Pines, Sadeh, Dvir, & Yafe-Yanai, 2002; Crane & Sohl, 2004; Liang & Dunn, 2008). Several researchers have discussed the role of optimism as a motive force accounting for persistence and commitment (Kuratko & Hodgetts, 2004; Tennent, Affleck & Klock, 1992; Seligman & Schulman, 1986; McColl-Kennedy & Anderson, 2005).

Optimism has also been characterized as a negative factor in entrepreneurship resulting high risks of failure (Baron & Shane, 2005; Hey, 1984; Petrakis, 2005; De Meza & Southey, 1996; Coelho & De Meza, 2006; Brocas & Carrillo, 2004; Puri & Robinson, 2004; Simon & Houghton, 2002).

Manove (2000) is among one of the first researchers to demonstrate the coexistence of optimists and realists. He explored the interaction between the optimists and realists regarding their self evaluated productivity and competitiveness. Fraser and Greene (2006) in the development of an occupational choice model suggest that entrepreneurs learn from experience and that both optimistic biases in talent beliefs and uncertainty diminish with experience – the more entrepreneurs learn, the more realistic they become. However, none of these researchers provided tool to measure either optimism or realism.

The optimism discussed in the entrepreneurship literature is similar to "dispositional optimism" in psychology. Dispositional optimism is the bias to hold, across time and situations, positive expectations (Sujan, 1999; Wrosch & Scheier, 2003; Chang, 2001; Haugen, Ommundsen, & Lund, 2004). Psychology literature suggests that optimists feel in control of their activities, suggest that those activities will give them more satisfaction, that they have a significant role in initiating projects, have adequate control and time to carry them out, have made more progress toward their goal, and have relatively heightened expectations that the outcomes of their projects will be successful which would yield more positive outcomes in well-being and coping behavior (Jackson, Weiss, Lundquist & Soderlind, 2002; Jackson, Weiss, Lundquist, & Soderlind, 2002; Leung, Moneta & McBrice-Chang, 2005; Day & Maltby, 2003; Wrosch & Scheier, 2003; Scheier & Carver, 1987).

Some scholars have discussed relationships between optimism, business opportunities recognition, new venture performance, and positive expectations for entrepreneurs (Ardichvili, Cardozo, & Ray, 2003; Shane & Venkataraman, 2000). However there has been no discussion regarding how optimism, realism, pessimism, other entrepreneurial characteristics, and entrepreneurial expectations relate to married couples’ decisions in the entrepreneurial process. Specifically, is lack of knowledge.
about how entrepreneurs assess their spouses’ reactions to the entrepreneurial process and
decision making. Families are a part of entrepreneurship.

*Entrepreneurial Couples – Sociohistorical Changes in the Family System and Impacts on
New Venture Creation*

There has been a dramatic change in the family system between 1900 and 2000
(Aldrich & Cliff, 2003). Some of the noticeable characteristics of modern families
include:

- The proportion of single-person household has increased.
- Average household size has decreased.
- Women’s employment rate has increased.
- Women are spending less time on housework but still assume primary
  responsibility for this task.
- Parents are less directly involved in their children’s activities.
- Intergenerational contact has declined.
- Marriage rates have declined, and divorce rates have risen.

Many of these changes in the family system have influenced how married couples
create and manage a business. When couples work together directly or indirectly,
emotions probably impact business decisions. Several studies provided some insights
regarding risks of entrepreneurs who tried to include their spouses in the businesses
(Scroggins, 1996; Nelton, 1996; Lieberman, 2000; Landes & Frankenberg, 1998; Powell
and Foley, 1997; Bures, Henderson, Mayfield, J., Mayfield, M., Worley, 1995). The
potential challenges of having family members involved in the business decisions
included disagreement associated with decision hierarchy, who had more control, lack of
quality time together, lack of financial confidence, stress and pressure from both family
and business responsibilities, and diminishing support from each other. Many
researchers developed various strategies to assist couples that worked in the business
together (Schatz, 2000; Jaffe, 1997, Nelton, 1996; Srikonda, 2000; Lieberman, 2000;
Lobel, Gogins, & Bankert, 1999; King, 1998; Landes & Frankenberg, 1998; Stewart &
researchers have explored the downside or dark side of entrepreneurial behaviors
including: uncertainty of short term income and longer term financial rewards, risk of
losing their business and personal assets, long hours and hard work, low quality lifestyle
until the business gets established, high stress, and complete responsibility (Allen, 1995;
Baumback, Lawyer, & Kelley, 1973; Gallop-Goodman, 2000; Hayward, 2001; Hisrich &
Peter, 1995; Marer, 2000; Mattera, 2000; Montgomery & Sinclair, 2000; Sahlman &
Stevenson, 1992; Scott, 2000; Tate, Megginson, Scott, & Trueblood, 1985). Bygrave
(1994) indicated that family responsibilities often play an important role in the decision
whether to start a company. Family members often make sacrifices for the business including long hours taken from them by the business. Occasionally, however, the conflict between business and family becomes so persistent or so bad that entrepreneurs must decide which comes first, business or family (Longenecker, Moore, & Petty, 2000). The quality family relations are also influenced by uncertain income, risk of losing family investments, long hours and hard work, and high stress (Scarborough & Zimmerer, 2000).

Hodgetts and Kuratko (1995) imply that starting a new venture can cause energy and time problems for entrepreneurial families. Entrepreneurs who are married and especially those with children, create an incomplete family experience and the possibility of permanent emotional scars for family members. Several researchers also concluded that business ownership and parenthood often do not result in perfect harmony, and the pressure of female entrepreneurs in particular was evolving dramatically (Page, 1999; Davies, 1999). Although previous literature discussed and examined the interactions between entrepreneurs and family members, it is not clear whether and to what extent entrepreneurs and their spouses evaluate the business and its impact on their family in the same way. Van Auken and Werbel (2006) have proposed a set of hypotheses about spousal commitment and firm performance that, when tested, could add materially to the discussion of entrepreneurship if spouses are interviewed. Unfortunately there is little research that has provided empirical tests or research evidence regarding how spouses react to entrepreneurial decisions.

Aldrich & Cliff (2003) suggest that more research is needed on how the family affects opportunity emergence and recognition, the decision to create a new venture and how resources are mobilized for the venture. “The family embeddedness of most entrepreneurial activities—particularly new venture creation—necessitates broadening our perspective” (p. 593).

The authors developed a conceptual model for this study to test how entrepreneur’s perceptions of spouses’ reactions to new venture creation decisions. Based on the literature review, married couples enter the initial phase of entrepreneurial process by recognizing business opportunities, individually or jointly. Entrepreneurs have a set of perceptions in this initial phase to expect the new ventures will create individual/family happiness and will improve individual/family financial situations, given their optimism/pessimism levels and other characteristics. Entrepreneurs re-assess the reactions of their spouses after the venture is created and as they are operating and managing their businesses, which result in the 4 hypotheses for this study:

H1: Entrepreneurs who are realistic optimistic believe their spouses are happier, financially better off, and would support them to start new businesses again.

H2: Entrepreneurs who are pessimistic believe their spouses are not happier, they are not financially better off, and they would not support another new venture.
H3: Entrepreneurs who are taking control, independent, creative and willing to take risks believe their spouses are happier, financially better off, and would support to create another new venture.

H4: Entrepreneurs who expected to be happier and financially better off, also believe their spouses are happier, financially better off, and would support to create another new venture.

RESEARCH METHODOLOGY

Questionnaire Design

The first step of this research was to design a questionnaire. The target respondents to this research were in-business entrepreneurs. The survey asked: demographics of the entrepreneur and the business, optimism assessment, realism assessment, expectations and personal and business outcomes from the venture. Entrepreneurial and business demographics included gender, age, ethnicity, marital status, education, entrepreneur’s experience, type of business, location of the business and number of full-time and part-time employees.

Characteristics asked about whether entrepreneurs were independence, taking control, believed they were creative and being willing to accept risks. The answers were on a Likert scale as Strongly Agree (1), Agree (2), Disagree (3), and Strongly Disagree (4). We avoided the “Neither Agree Nor Disagree” level and hoped to impose more specific choices on entrepreneurs.

Optimism assessment statements were adopted from the Life Orientation Test (LOT-R) which contains three positive statements, three negative statements, and four non-scored items as filler statements. Three positive statements were: “In uncertain times, I usually expect the best”, “I am always optimistic about my future”, “Overall I always expect more good things happen to me than bad”. Three negative statements were: “If something can go wrong for me, it will”, “I hardly ever expect things to go my way”, and “I rarely count on good things happening to me”.

The LOT-R test is recognized and used by psychologists as a sufficient and robust tool to measure optimism. The LOT-R has been used to explore personal control in sports, to investigate the relationship between optimism and depression/coping/anger, to analyze effects of optimism on career choice and well-being, and to examine the impact of optimism on changes of environment and circumstantial situations (Burke, et al. 2006; Burke, Joyner, Czech, & Wilson, 2000; Puskar, Sereika, Lamb, Tusai-Mumford, & Mcguinness, 1999; Creed, Patton, & Bartrum, 2002; Perczek, Carver, Price & Pozo-Kaderman, 2000; Sydney, et. al. 2005). Clinical researchers have used the LOT-R to explore how optimism affects patients in dealing with health problems and therapies (Walker, Nail, Larsen, Magill & Schwartz, 1996). The LOT-R is available on-line and it is free for researchers to use (Centre for Confidence and Well-being, 2006). There are 5
levels of choices in the original LOT-R test, which are I Agree a Lot (1), I Agree a Little (2), I Neither Agree Nor Disagree (3), I Disagree a Little (4), and I Disagree a Lot (5). We could find no measure for realism in the literature. After conducting a thorough literature review in psychological and entrepreneurial research, and extensive discussions and consultations with entrepreneurs and entrepreneurship educators, we created seven statements for realism: “I usually set achievable goals”, “I usually look before I leap”, “When planning, I usually consider both negative and positive outcomes”, “I am always realistic about my future”, “I try to be reasonably certain about the situation I face when starting an important activity”, and “I usually weigh the risks and rewards when making decisions”. Entrepreneurs responded based on a five-point Likert scale ranging from “I agree a lot” to “I disagree a lot”, which was the same scale used in LOT-R testing optimism statements.

Using the reliability test on the responses received from our sample of married entrepreneurs, Cronbach’s Alpha statistic showed a much higher confidence level for the realism statements, 0.838, compared with the optimism statements, 0.350, (Table 1).

**Table 1. Reliability of Tests Used**

<table>
<thead>
<tr>
<th>Realism Variables</th>
<th>Optimism Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability Statistics</td>
<td>Reliability Statistics</td>
</tr>
<tr>
<td>Cronbach's Alpha</td>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td>0.838</td>
<td>0.350</td>
</tr>
<tr>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

**Administration of the Survey**

A questionnaire was designed, pre-tested, and administered to business entrepreneurs by a research contact person. The entrepreneur was given the questionnaire and allowed to complete it in private during business hours or another convenient time for the business owner and returned it. It was not possible to administer the questionnaire to the spouse, therefore, questions related to the spouses’ reaction were the perceptions of the entrepreneur. While it would be best to ask the spouse the researchers think that the entrepreneur knows their spouses’ reactions as a result of their marriage. “Nonetheless, the vast majority of businesses are family businesses, and accumulated research findings show that family and business dynamics are highly interrelated.” Aldrich and Cliff (2003) p. 574

The questionnaire was administered to a convenience sample of business owners in the Mississippi River Delta region between 2007 and 2009. There were 354 respondents totally, and responses of 245 married couples were used in this article.
Factors Analysis and Regression Analysis

Factor analysis is applied to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis. In our case, we use the factor analysis to extract factors that have similar patterns in realistic optimism, pessimism, other entrepreneurial characteristics, and entrepreneurial expectations. Principal components extraction (PC) method is applied to extract factors based on calculating factor loadings. A regression equation is then constructed to test the relationship between entrepreneurial perceptions on spousal reactions to new venture process and individual happiness/financial improvement. A general form of the regression equation can be expressed as:

\[ Y_i = b_0 + b_1 h_1 + b_2 h_2 + b_3 h_3 + \ldots + b_n h_n + \text{random errors} \]

Where \( Y_i \) represents the \( i \)th group of responses of the spouses' reactions (\( i = 1, 2, 3, 4 \)), \( b_n \) represents the levels or tendency of each factors corresponding to \( Y_i \), and \( h_n \) represents the \( n \)th factors corresponding to \( Y_i \).

Four sets of regression equations were calculated:

1. \( Y_1 \): My spouse is happier (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
2. \( Y_2 \): My spouse feels better off financially (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
3. \( Y_3 \): I would start another business again (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)
4. \( Y_4 \): My family would support me to start another new venture again (scale 1 to 4, with 1 being strongly agree and 4 being strongly disagree)

The \( P \)-value of each \( b_n \) was calculated and was used to verify if any factor had a statistically significant relationship with \( Y_i \).

SAMPLE PROFILE SUMMARY

Among 245 married entrepreneurs responded to our surveys, one third was female and two thirds were male. Majority were white. Almost 92 percent were married with children. Over 50 percent were between 30 and 50 years of age, and another 38.6 percent were over 50 years old. Most of the respondents had at least high school education, with 38.6 percent of college or post college education (Table 2). Most of the respondents were in service businesses (58.2 percent), followed by retail (31.1 percent). Almost one third of the respondents started their businesses in the
or factors, that factors, that
Factor analysis can extract factors that
preneurial perceptions extraction (PC)
A regression preneurial perceptions
expressed as:

errors
functions (i = 1, 2, 3, 4), b_i
Y_i and h_n represents

ty agree and 4 being
1 being strongly
1 being strongly agree
are again (scale 1 to 4,

one third was
percent were married
percent were not
high school
percent), followed by
businesses in the

last 5 years. Another 32.8 percent of the respondents started their businesses over 15 years ago. Not surprisingly, a significant proportion of the respondents (68.6 percent) had fewer than 5 full time employees. Over 60 percent of the respondents located their businesses in urban area (Table 3).
Figure 1. A Conceptual Model Developed for this Study

Married Couples → Opportunity Recognition → New Venture Creation

Entrepreneurial Perceptions
- Realistic Optimism
- Pessimism
- Other Characteristics
  - Take Control
  - Independent
  - Creative
  - Willing to take risks
- Expectations
  - Expected I would be happier
  - Expected family to be happier
  - Expected to be better off financially
  - Family expect to be better off financially

Outcomes after Operating and Managing New Ventures -
- Family happiness
- Family financial improvement
- Individual happiness
- Individual financial improvement

Spouse's reactions -
- I am happier (H1)
- I am better off financially (H2)
- Business again (H3)
- My family will support me

----Liang & Dunn----
Table 2. Entrepreneurial Demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>88</td>
<td>35.9</td>
</tr>
<tr>
<td>Male</td>
<td>157</td>
<td>64.1</td>
</tr>
<tr>
<td>Total</td>
<td>245</td>
<td>100.0</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>205</td>
<td>84.0</td>
</tr>
<tr>
<td>African American</td>
<td>28</td>
<td>11.5</td>
</tr>
<tr>
<td>Asian</td>
<td>5</td>
<td>2.0</td>
</tr>
<tr>
<td>Hispanic</td>
<td>5</td>
<td>2.0</td>
</tr>
<tr>
<td>American Indian</td>
<td>1</td>
<td>.4</td>
</tr>
<tr>
<td>Total</td>
<td>244</td>
<td>100.0</td>
</tr>
<tr>
<td>Married</td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Married/children</td>
<td>225</td>
<td>91.8</td>
</tr>
<tr>
<td>Married wo children</td>
<td>20</td>
<td>8.2</td>
</tr>
<tr>
<td>Total</td>
<td>245</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 30 years</td>
<td>20</td>
<td>8.3</td>
</tr>
<tr>
<td>30-50 years old</td>
<td>128</td>
<td>53.1</td>
</tr>
<tr>
<td>Over 50</td>
<td>93</td>
<td>38.6</td>
</tr>
<tr>
<td>Total</td>
<td>241</td>
<td>100.0</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;high school</td>
<td>6</td>
<td>2.8</td>
</tr>
<tr>
<td>High School</td>
<td>64</td>
<td>29.8</td>
</tr>
<tr>
<td>Some College</td>
<td>62</td>
<td>28.8</td>
</tr>
<tr>
<td>College Degree</td>
<td>68</td>
<td>31.6</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>15</td>
<td>7.0</td>
</tr>
<tr>
<td>Total</td>
<td>215</td>
<td>100.0</td>
</tr>
</tbody>
</table>

FACTOR ANALYSIS RESULTS

Four significantly different factors could be extracted using the Principal Component Method. The first factor represents the “realistic optimism” including all the statements for optimism and realism - I usually set achievable goals; In uncertain times, I usually expect the best; I usually look before I leap; When planning, I usually consider both negative and positive outcomes; I'm always optimistic about my future; I usually try to find as much information as I can before I decide what to do; I am always realistic about my future; I usually weigh the risks and rewards when making decisions; Overall, I expect more good things to happen to me than bad; I try to be reasonably certain about the situation I face when starting an important activity.

The second factor represents “entrepreneur’s expectation” which involves - I expect I would be happier after starting my own business; I expect my family to be happier after I start the new business; I expect to be financially better off after starting the business; I expect family to be financially better off after starting the business. The third factor included statements to represent “other entrepreneurial characteristics”
such as being in control, being independent, being creative, and being willing to accept risks.

The fourth factor represents the “pessimism”, which included - If something can go wrong for me, it will; I hardly ever expect things to go my way; I rarely count on good things happening to me.

### Table 3. Business Demographics

<table>
<thead>
<tr>
<th>Type</th>
<th>Frequency</th>
<th>Percent</th>
<th>Full Time</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>76</td>
<td>31.1</td>
<td>0-5</td>
<td>151</td>
<td>68.6</td>
</tr>
<tr>
<td>Service</td>
<td>142</td>
<td>58.2</td>
<td>6-10</td>
<td>30</td>
<td>13.6</td>
</tr>
<tr>
<td>Distribution</td>
<td>7</td>
<td>2.9</td>
<td>11 and over</td>
<td>33</td>
<td>15.0</td>
</tr>
<tr>
<td>Contractor</td>
<td>4</td>
<td>1.6</td>
<td>None</td>
<td>6</td>
<td>2.7</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>2.0</td>
<td>Total</td>
<td>220</td>
<td>100.0</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>10</td>
<td>4.1</td>
<td>Rural/Urban</td>
<td>91</td>
<td>37.1</td>
</tr>
<tr>
<td>Total</td>
<td>244</td>
<td>100.0</td>
<td>Total</td>
<td>245</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**REGRESSION ANALYSIS USING THE FOUR FACTORS**

Results of the regression analysis revealed some interesting relationships between entrepreneurial perceptions and how entrepreneurs think about their spouses in the new venture creation process. (Table 5) Entrepreneurs who were more realistically optimistic, were more likely to believe that their spouses were happier in the new venture creation process. Entrepreneurs who had higher and better expectations, also believed their spouses were happier in the new venture creation process. Entrepreneurs who had entrepreneurial characteristics as described in literature, were more likely to believe that their spouses would be happier in the new venture creation process. Finally pessimistic entrepreneurs did not believe their spouses were happier in the new venture creation process. All four factors (realistic optimism, expectations, entrepreneurial characteristics, and pessimism) were statistically significant given either 1% or 10%.
Table 4. Rotated Component Matrix

<table>
<thead>
<tr>
<th></th>
<th>Realism/Optimism</th>
<th>Expectations</th>
<th>Characteristics</th>
<th>Pessimism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set Achievable goals</td>
<td>.622</td>
<td>.023</td>
<td>.319</td>
<td>-.019</td>
</tr>
<tr>
<td>Leap</td>
<td>.585</td>
<td>-.033</td>
<td>.001</td>
<td>.141</td>
</tr>
<tr>
<td>NegPos Outcomes</td>
<td>.660</td>
<td>.124</td>
<td>-.051</td>
<td>.044</td>
</tr>
<tr>
<td>Find Information</td>
<td>.788</td>
<td>.018</td>
<td>.084</td>
<td>-.071</td>
</tr>
<tr>
<td>Realistic About the Future</td>
<td>.646</td>
<td>.066</td>
<td>.132</td>
<td>-.102</td>
</tr>
<tr>
<td>Weigh the risks and rewards</td>
<td>.784</td>
<td>.055</td>
<td>.060</td>
<td>-.003</td>
</tr>
<tr>
<td>Certain About the Situation</td>
<td>.782</td>
<td>.034</td>
<td>-.009</td>
<td>-.092</td>
</tr>
<tr>
<td>Expect the Best</td>
<td>.526</td>
<td>-.098</td>
<td>.105</td>
<td>-.165</td>
</tr>
<tr>
<td>Go Wrong</td>
<td>-.015</td>
<td>-.028</td>
<td>-.018</td>
<td>.736</td>
</tr>
<tr>
<td>Always Optimistic</td>
<td>.614</td>
<td>.064</td>
<td>.235</td>
<td>-.174</td>
</tr>
<tr>
<td>Don't Expect Things to Go My Way</td>
<td>-.089</td>
<td>.094</td>
<td>-.088</td>
<td>.830</td>
</tr>
<tr>
<td>Rarely Count on Good Things</td>
<td>-.102</td>
<td>.009</td>
<td>-.041</td>
<td>.800</td>
</tr>
<tr>
<td>Expect More Good Than Bad</td>
<td>.481</td>
<td>.125</td>
<td>.232</td>
<td>-.303</td>
</tr>
<tr>
<td>Independence</td>
<td>.047</td>
<td>.087</td>
<td>.809</td>
<td>.068</td>
</tr>
<tr>
<td>Control</td>
<td>-.007</td>
<td>.017</td>
<td>.838</td>
<td>.036</td>
</tr>
<tr>
<td>Creative</td>
<td>.268</td>
<td>.100</td>
<td>.646</td>
<td>-.176</td>
</tr>
<tr>
<td>Risk Acceptance</td>
<td>.232</td>
<td>.047</td>
<td>.613</td>
<td>-.178</td>
</tr>
<tr>
<td>Expected I would be happier</td>
<td>.004</td>
<td>.860</td>
<td>.100</td>
<td>.061</td>
</tr>
<tr>
<td>Expected family to be happier</td>
<td>-.029</td>
<td>.878</td>
<td>.137</td>
<td>.053</td>
</tr>
<tr>
<td>Expected to be better off</td>
<td>.023</td>
<td>.885</td>
<td>.017</td>
<td>-.017</td>
</tr>
<tr>
<td>Family expect to be better off</td>
<td>.203</td>
<td>.822</td>
<td>.002</td>
<td>-.046</td>
</tr>
</tbody>
</table>

For the second set of the regression analysis to test the relationship between entrepreneurs’ perceptions on spouses’ assessment of financial improvement, the results were similar to the first set of the regression. Entrepreneurs who were realistic

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optimistic, expected better outcomes, and endowed with well-recognized entrepreneurial characteristics, were more likely to believe that their spouses also felt better off financially in the new venture creation process. Those pessimistic entrepreneurs, however, were more likely to believe that their spouses did not feel any financial improvement after starting and running their own ventures.

Table 5. Results of Regression Analysis

<table>
<thead>
<tr>
<th>Model 1: My spouse is happier off</th>
<th>Model 2: My spouse feels better financially</th>
</tr>
</thead>
<tbody>
<tr>
<td>$R^2$</td>
<td>0.156</td>
</tr>
<tr>
<td>Durbin-Watson Coefficients</td>
<td>1.724</td>
</tr>
<tr>
<td>Realism and Optimism</td>
<td>0.080*</td>
</tr>
<tr>
<td>Expectations</td>
<td>0.106*</td>
</tr>
<tr>
<td>Entrepreneurial Characteristics</td>
<td>0.212***</td>
</tr>
<tr>
<td>Pessimism</td>
<td>0.139***</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model 3: I would start another new venture again</th>
<th>Model 4: My family would support me to start another new venture</th>
</tr>
</thead>
<tbody>
<tr>
<td>$R^2$</td>
<td>0.109</td>
</tr>
<tr>
<td>Durbin-Watson Coefficients</td>
<td>1.899</td>
</tr>
<tr>
<td>Realism and Optimism</td>
<td>0.073</td>
</tr>
<tr>
<td>Expectations</td>
<td>-0.020</td>
</tr>
<tr>
<td>Entrepreneurial Characteristics</td>
<td>0.197***</td>
</tr>
<tr>
<td>Pessimism</td>
<td>-0.153***</td>
</tr>
</tbody>
</table>

Note: *** indicates statistically significant at 1%. * indicates statistically significant at 10%
How would entrepreneurs think about future possibilities to start other new ventures given what they have known and experiences in the entrepreneurial process? Married couples in our sample seemed to have mixed feelings about starting other new ventures again (Table 5). Entrepreneurs who were realistic optimistic and endowed with entrepreneurial characteristics, were more likely to start another new venture again. Interestingly entrepreneurs who had higher expectations on their personal happiness and financially rewards, were less likely to start another new venture again. Of course, pessimistic entrepreneurs were also less likely to start another new venture again in the future.

Finally entrepreneurs were asked if they thought their family members would support them to start another new venture again, given what the family had been through together in entrepreneurial process. Only pessimistic entrepreneurs believed that their family members would be less likely to support them again. Entrepreneurs who were realistic optimistic, had high expectations, and with entrepreneurial characteristics, still believed that their family members would support them in creating another new venture in the future.

CONCLUSIONS AND IMPLICATIONS

Whether married or single, entrepreneurs face various challenges and risks in the process of new venture creation. For married couples, however, the decisions of creating and operating a business always involve interactions and mixed feelings. It is almost impossible for entrepreneurs and their spouses to agree 100% on family matters and business issues. What is worse, is that most of the time married couples tend to argue with "personal issues," interfering with "professional or business issues". At the end, family conflict overpowers the business development, which leads to family disasters and/or business failure.

Our paper reports several concepts that have not been reported or discussed in other literature before. We asked the married entrepreneurs directly how they believe their spouses feel and think in the entrepreneurial process. We did not ask the spouses directly, due to (1) potential personal conflicts, and (2) potential lead of information between couples. However, literature regarding family relationships has explained clearly that married couples usually reveal their preferences in any decision-making process directly to each other - whether to agree or disagree in the decision-making process. Given many characteristics of entrepreneurs identified by researchers, entrepreneurs are more likely to make decisions to start their own businesses if they believe there is a great opportunity, and if there is a potential for this new business to improve financial for everyone in the family. Nowhere has the literature discussed "if married entrepreneurs would consult with their spouses before they start the new business." There seems to be an underlying assumption that "my spouse will support me if we start the new business."

The first unique result of our study is to actually identify "realistic optimism" among entrepreneurs. Other interesting results of our study include identifying how entrepreneurs evaluate their spouses' responses in the new venture creation process.

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Entrepreneurs who are realistic and optimistic generally believe their spouses feel happier and would support them again in creating other new ventures in the future. Entrepreneurs who have higher expectations before they start their own businesses also believe their spouses are happier about the outcomes of the business and would support them again in creating other businesses. Of course entrepreneurs who are pessimistic after starting their own business do not think their spouses become happier in the entrepreneurial process, and their spouses probably will not support them again to start another new business. All hypotheses were supported by the research.

We should not draw general conclusions using our limited sample, although findings of this study indeed lead to several provoking concepts for future research. First, there is a need to further look into how married couples interact with each other in the decision-making process. Is there a dominating role with certain individuals? Is the entrepreneur or the spouse more likely to influence the decisions more significantly? Or are they equally likely to notably influence decisions? What are the impacts of parental influences on children in the entrepreneurial process? What are the effects of the entrepreneurial process on divorce or separation? These are critical questions yet to be explored and studied. Second, there is limited discussion on the relationship between successful businesses and successful marriages. Is there a positive correlation between the entrepreneurial process and marriage? Is there a positive correlation between the entrepreneurial decisions and feelings between married couples? These are still unknown to researchers.

With larger samples and a longer time frame, we will be able to uncover more layers of factors between married couples and their entrepreneurial process. After all, a happy and productive family is the foundation for all success in life.

REFERENCES


---Liang & Dunn---


