

The Formation of Fear of Failure and Its Impact on Entrepreneurial Behavior

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Abstract

The high risk and uncertainty inherent in entrepreneurial activities frequently expose entrepreneurs to fear of failure. For entrepreneurs, fear of failure serves as a double-edged sword. Existing research has predominantly focused on the inhibitory effects of fear of failure on entrepreneurial behavior, while neglecting its formation and motivational effects. This study analyzes fear of failure in entrepreneurial contexts from the perspective of emotional and cognitive attributes, proposing that entrepreneurial events associated with loss and exposure of inadequate ability may trigger fear of failure, and that entrepreneurs' obsessive passion and prevention focus can induce fear of failure. It then elaborates on three distinct influences of fear of failure on entrepreneurial behavior: motivation, inhibition, and suppression, and investigates the moderating effects of entrepreneurial environmental characteristics on the relationship between fear of failure and entrepreneurial behavior. This research expands the scope and applicable contexts of fear of failure, enriches psychology's cognitive appraisal theory of emotion, affective events theory, and classic stress theory, provides a new perspective for understanding complex and diverse entrepreneurial behaviors, and deepens theoretical understanding of the relationship between entrepreneurial psychology and entrepreneurial behavior.

Full Text

The Formation of Fear of Failure and Its Influence on Entrepreneurial Behavior

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Abstract: The high-risk and uncertain nature of entrepreneurial activities frequently exposes entrepreneurs to fear of failure. For entrepreneurs, fear of failure can be both adversary and ally. Existing research has predominantly focused on the inhibitory effects of fear of failure on entrepreneurial behavior, while neglecting its formation mechanisms and motivational functions. This study analyzes fear of failure in entrepreneurial contexts through its emotional and cognitive attributes, proposing that loss-related events and situations exposing capability inadequacies may trigger fear of failure, while entrepreneurs' obsessive passion and prevention focus can also evoke such fear. We then elaborate on three distinct effects of fear of failure on entrepreneurial behavior—*incentive, inhibition, and repression*—and examine how environmental characteristics moderate the relationship between fear of failure and entrepreneurial behavior. This research expands the application scope and contextual applicability of fear of failure, enriches the Cognitive Appraisal Theory of Emotion, Affective Events Theory, and Classical Stress Theory, and provides a novel perspective for understanding the complexity and diversity of entrepreneurial behavior, thereby deepening theoretical understanding of the relationship between entrepreneurial psychology and behavior.

Keywords: fear of failure; entrepreneurial cognition; entrepreneurial behavior; entrepreneurial event; cognitive appraisal theory of emotion

1. Problem Statement

Fear has left a profound imprint on human evolutionary genes, enabling timely responses to danger and environmental adaptation. Fear of failure emerges from our fundamental motivation to “seek advantages and avoid disadvantages.” In entrepreneurship, the greatest fear stems from concerns about potential failure consequences, with nearly every entrepreneur experiencing such apprehension. The 2019 Global Entrepreneurship Monitor (GEM) report revealed that among Chinese individuals aged 18 to 64, 41.7% identified entrepreneurial opportunities but refrained from starting businesses due to fear of failure. This demonstrates the universality and commonality of fear of failure across both pre-entry and active entrepreneurship stages. For entrepreneurs, fear of failure constitutes an essential component of the entrepreneurial journey, serving as both friend and foe (Cacciotti & Hayton, 2015; Cacciotti & Hayton, 2020). It may inhibit entrepreneurial behavior through exit or reduced investment, yet it may also heighten vigilance and intensify efforts to proactively address entrepreneurial crises.

Fear of failure offers a critical lens for understanding how entrepreneurs define and experience failure within achievement contexts, and how failure subsequently influences emotions, cognition, and behavior (Stroe et al., 2020). On one hand, fear of failure reveals the psychological activities underlying complex individual behaviors, explaining not only entrepreneurial entry and exit but also

providing a fresh perspective for understanding multifaceted entrepreneurial actions. However, the conceptual ambiguity of fear of failure has constrained its theoretical development (Cacciotti & Hayton, 2015; Cacciotti & Hayton, 2020). Given its negative effects, existing research has primarily analyzed how to suppress fear of failure, while studies on its formation process and triggering factors remain scarce. Yet the prevalence and dual nature of fear of failure in entrepreneurial contexts render research on its triggering mechanisms particularly valuable for deepening understanding and enabling effective management.

On the other hand, while empirical studies have predominantly focused on the hindering and inhibitory effects of fear of failure on entrepreneurial behavior, some scholars have distilled its incentive effects from case interviews, though without analyzing the underlying mechanisms (Mitchell & Shepherd, 2011; Hao et al., 2020). Whether fear of failure inhibits or motivates entrepreneurial behavior depends on its dynamic nature and differential modes of operation. Existing research has largely examined fear of failure's role before and during early-stage entrepreneurship. As the entrepreneurial process unfolds and entrepreneurs encounter various events and external situational changes, fear of failure may initially inhibit behavior but subsequently motivate greater effort in later stages (Cacciotti et al., 2016; Hao et al., 2020; Chen et al., 2020).

Building on these research gaps, this study addresses three key questions: (1) What factors trigger entrepreneurs' fear of failure? (2) How does fear of failure influence entrepreneurial behavior? (3) What are the boundary conditions for fear of failure's effects on entrepreneurial behavior? To answer these questions, we conceptualize fear of failure as our entry point and, drawing on Cognitive Appraisal Theory, Affective Events Theory, and Classical Stress Theory, examine entrepreneurs and entrepreneurial events as starting points for understanding fear of failure's antecedents. We establish logical connections among entrepreneurial context, entrepreneurial cognition, fear of failure, and entrepreneurial behavior to comprehensively reveal the formation mechanisms and influence pathways of fear of failure, interpret its boundary conditions, and deepen theoretical and practical understanding of this complex phenomenon.

2.1 The Connotation of Fear of Failure

Existing research primarily analyzes the essence of fear of failure through Achievement Motivation Theory, Affective Events Theory, and Cognitive Appraisal Theory. Achievement Motivation Theory conceptualizes fear of failure as an avoidance motive, attributing its source and core to "failure avoidance" or "avoidance motivation" activated by failure-related obstacles (Bélanger et al., 2013). Affective Events Theory posits that fear of failure arises from external events that trigger "failure avoidance" tendencies (McClelland, 1985). During entrepreneurship, when affective events threaten personal capabilities and achievements, entrepreneurs' beliefs about failure's

aversive consequences become activated, focusing attention on environmental threats, potential failure outcomes, and negative self-states, thereby triggering emotional responses (Stroe et al., 2020).

Cognitive Appraisal Theory emphasizes how emotions influence information processing and behavioral patterns through their impact on individual cognition (Conroy, 2001; Conroy et al., 2002). External information stimulates entrepreneurs' cognitive processes and information processing styles. When entrepreneurs perceive threats and obstacles, they assess their capacity to achieve goals as threatened, evaluate the aversive consequences of failure, and generate negative emotions associated with fear of failure after appraising environmental threat levels (Conroy, 2001). This theory connects failure-threatening situations, cognitive appraisal, failure consequences, and emotional reactions, highlighting the reactive and context-dependent nature of fear of failure and expanding its research boundaries. This study adopts the operational definition from Cognitive Appraisal Theory, conceptualizing fear of failure as a psychological state based on entrepreneurs' cognitive evaluation of failure likelihood within uncertain and complex entrepreneurial contexts (Cacciotti & Hayton, 2020).

In summary, we define fear of failure as a psychological state that emerges after entrepreneurs evaluate threats in specific situations and the likelihood of failure.

2.2 Antecedents of Fear of Failure

Although fear of failure has become an important research topic, most studies concentrate on its effects on subsequent entrepreneurial activities, while research on its formation process and driving factors remains limited. Relevant studies on antecedents primarily analyze two dimensions: individual entrepreneurs and external environments. Individual-level factors include gender (Koellinger et al., 2013; Patzelt & Shepherd, 2011), education level (Sepúlveda & Bonilla, 2011), self-efficacy (Tsai et al., 2016), and entrepreneurial passion (Vallerand et al., 2003; Bélanger et al., 2013). Environmental-level research divides into micro and macro environments, with micro-environment studies examining obstacles encountered during entrepreneurship and macro-environment research encompassing institutional norms and cultural climates that “tolerate failure” (Kollmann et al., 2017; Wagner, 2007; Chua et al., 2016). These studies also respond to scholars' calls to define fear of failure through individual-environment interactions. Additionally, from the perspective of fear of failure's negative effects, most research analyzes which entrepreneur characteristics or environmental elements can effectively suppress its emergence.

2.3 Effects of Fear of Failure on Entrepreneurial Behavior

Research findings on fear of failure' s effects on entrepreneurial behavior show inconsistencies. On one hand, numerous empirical studies demonstrate that fear of failure inhibits entrepreneurial intention, hinders entry, obstructs nascent entrepreneurial activity (Arenius & Minniti, 2005; Koellinger, Minniti & Schade, 2007; Morgan & Sisak, 2016; Ding et al., 2018), reduces opportunity evaluation and exploitation (Mitchell & Shepherd, 2010; Kollmann et al., 2017; Zhang & Zhang, 2018; Boudreaux et al., 2019), discourages opportunity-driven entrepreneurship (Wang & Zhu, 2020), delays entrepreneurial action processes (Cacciotti et al., 2016), and influences re-entrepreneurship choices after failure (Hessels et al., 2011).

On the other hand, some scholars' data analyses reveal that fear of failure does not hinder entrepreneurial entry, as entrepreneurs experiencing fear of failure continue their entrepreneurial activities (He & Zhang, 2020). Some even propose that fear of failure compels entrepreneurs to seek new solutions (McGrath, 2001), focus attention on learning (Shepherd et al., 2011), engage in more exploratory and exploitative learning (Xu & Chen, 2020), increase entrepreneurial engagement, and enhance entrepreneurial effort (Cacciotti & Hayton, 2016). These divergent results may relate to fear of failure' s content composition and dynamic changes. Fear of failure is not a static, isolated construct; it dynamically exists across time and space throughout the entire entrepreneurial process, affecting nascent, young, and mature entrepreneurs' behaviors (Cacciotti & Hayton, 2015). Existing research has primarily concentrated on pre-entry behaviors such as entrepreneurial intention and entry, as well as early-stage opportunity identification and development, while paying insufficient attention to other critical entrepreneurial behaviors during the process.

2.4 Review of Existing Research

Based on the above analysis, we identify several deficiencies and pressing issues in entrepreneurship research on fear of failure.

First, conceptual definition remains contested. Debates persist over whether fear of failure represents a stable trait or a temporary emotional state triggered by environmental threats (Kollmann et al., 2017). However, both perspectives overlook the dynamic and complex nature of the entrepreneurial process, resulting in fear of failure constructs that are complicated, dynamic, and diverse. Future research should reveal fear of failure' s connotation—including its dimensions and elements—by considering entrepreneurship' s unique context, examining its cognitive appraisal and emotional manifestations, and employing in-depth case interviews and literature analysis.

Second, what factors trigger entrepreneurs' fear of failure? Existing research has focused on suppressing factors due to fear of failure' s negative effects, yet

its prevalence and dual nature make studies on triggering mechanisms more important. Future research should employ depth interviews and case studies, supplemented by experimental methods, to dissect fear of failure through the dynamic interaction of environmental stimuli, emotion, and cognition. Drawing on psychological research, we should analyze triggering factors and explore formation patterns across different contexts by integrating entrepreneurial dynamics and entrepreneur characteristics.

Third, how does fear of failure influence entrepreneurial behavior? While most researchers view fear of failure as a hindrance, case interviews and theoretical analyses suggest positive effects. Future research must deeply analyze the dual effects of fear of failure to comprehensively understand its mechanisms. Moreover, existing studies have focused primarily on pre-entry or early-stage effects, with insufficient attention to mechanisms throughout the entrepreneurial process. Future research should dialectically examine the dynamic and differential effects of fear of failure during the entrepreneurial process, providing a structural analytical framework for cultivating high-quality entrepreneurial decisions and efficient entrepreneurial behaviors.

Fourth, boundary conditions for fear of failure's effects. The effectiveness of fear of failure on entrepreneurial behavior depends on the external environment. Building on clarified conceptualizations and logic, we should identify moderating variables from entrepreneurs' environments that reduce negative effects and enhance positive effects. This will not only support scientific entrepreneurship policy formulation but also provide useful supplements to existing research.

3. Research Framework

Affective Events Theory (AET) primarily explores the relationships among emotional events, affective reactions, and attitudes/behaviors of organizational members. The theory posits that work environment characteristics lead to positive or negative work events, which trigger emotional reactions that, combined with individual traits, subsequently influence employee behaviors and attitudes (Weiss & Cropanzano, 1996; Duan et al., 2011). Building on AET's core logic of "event-affect-behavior" (Weiss & Cropanzano, 1996), we construct a theoretical framework of "Entrepreneurial Event \times Entrepreneur \rightarrow Fear of Failure \rightarrow Entrepreneurial Behavior" (see Figure 1 [Figure 1: see original paper]). Specifically, this framework encompasses three components: first, analyzing fear of failure's antecedents through both objective entrepreneurial events and subjective entrepreneur characteristics to explore its formation patterns; second, examining three distinct effects of fear of failure on entrepreneurial behavior; and third, investigating boundary conditions based on external environmental characteristics.

Based on Cognitive Appraisal Theory, we define fear of failure as a psychological state emerging from entrepreneurs' evaluation of situational threats and failure

likelihood. According to entrepreneurship' s unique context and continuous process, we reveal fear of failure' s connotation by examining its emotional sources and cognitive appraisal.

First, fear of failure manifests as a negative emotional reaction triggered by entrepreneurs' assessment of failure' s potential consequences. This negative emotion originates both from entrepreneurs themselves and from external groups including significant others. Internally, entrepreneurial activities represent important pathways for entrepreneurs to prove themselves and achieve self-worth; failure' s potential consequences can destroy individuals' sense of value, threaten their capabilities, and generate negative emotions such as self-blame, shame, and self-devaluation. Externally, failure causes actual losses while also causing entrepreneurs to "lose face," undermining others' recognition of their value and competence (Hao et al., 2020), thereby creating pressure and negative emotions.

Second, fear of failure encompasses entrepreneurs' threat appraisal styles. As a negative emotional reaction, this affective response is based on cognitive evaluation of failure likelihood within uncertain and complex entrepreneurial contexts. In real entrepreneurial environments, necessary tasks, evaluation criteria, and required capabilities are ambiguous and uncertain, varying across individuals (Cacciotti & Hayton, 2020). Entrepreneurs' environmental threat appraisals differ based on their information collection and processing styles.

3.1 Research Module 1: Formation Patterns from Entrepreneurial Events and Entrepreneur Characteristics

Entrepreneurship is inherently dynamic and processual (McMullen & Dimov, 2013), yet existing research on fear of failure in entrepreneurial contexts has neglected person-environment relationships (Lazarus, 1991; Cacciotti et al., 2016). Classical Stress Theory, proposed by Lazarus and Folkman (1984), conceptualizes stress as arising when individuals evaluate their resources as insufficient to cope with threats, requiring analysis of person-environment interactions and acknowledging that stress formation changes over time and across tasks. Scholars have suggested that understanding the individual-environment relationship is fundamental to comprehending fear of failure in entrepreneurship (Cacciotti et al., 2016). Based on Classical Stress Theory and addressing existing research gaps, we propose that fear of failure' s emergence requires consideration of both environmental stimuli and entrepreneur factors. Therefore, this module analyzes key triggering factors from two dimensions—entrepreneurial events (external stimuli) and entrepreneur characteristics (internal traits)—to uncover fear of failure' s formation patterns.

(1) Formation Patterns Triggered by Entrepreneurial Events

Entrepreneurship comprises a series of complex events that provide multiple potential triggers for fear of failure. Analyzing entrepreneurial events' impact

requires first identifying which events may elicit fear of failure reactions, necessitating examination of entrepreneurial environment characteristics to identify proximal causes. Fear of failure represents a transient state that emerges or disappears with environmental cues, a perspective consistent with the entrepreneurial process view (Lazarus, 1991; Weiss & Cropanzano, 1996). Based on existing literature, we primarily analyze two types of events: those involving losses and those exposing capability inadequacies.

Loss-related entrepreneurial events. Fear of failure activation requires triggering signals related to failure (Bélanger et al., 2013). Fear of failure is activated by failure-related cues rather than unrelated ones, with such cues including exogenous loss-inducing obstacles like financial resource depletion, customer attrition, and external social relationship ruptures (Kollmann et al., 2017). Loss-related events activate entrepreneurs' fear of potential failure consequences, shifting focus toward failure-related feedback signals. The primary source of fear of failure concerns losing or potentially losing one's livelihood and wealth, which serves as the triggering point.

Capability-exposing entrepreneurial events. Pursuing opportunities and creating new ventures requires diverse capabilities, yet entrepreneurs worry and feel anxious about whether they possess necessary entrepreneurial competencies (Cacciotti et al., 2016). When certain factors in entrepreneurial events expose capability deficiencies or weaknesses, fear of failure becomes activated. This occurs because entrepreneurship represents a typical achievement context where successfully operating a venture constitutes a valued goal. In this important achievement context, failure possibility signifies that individuals' capacity to achieve valued goals is threatened (Cacciotti & Hayton, 2020), even severely threatening personal self-definition and self-worth (Ucbasaran et al., 2009). Therefore, when events expose personal capability inadequacies, cues about failure's potential consequences become activated, generating fear of failure.

In summary, fear of failure during entrepreneurship depends on the degree to which individuals believe or expect failure. When entrepreneurial events indicate greater failure risks for entrepreneurs and their ventures—including potential losses, capability threats, and exposure of weaknesses—fear of failure becomes activated. We therefore propose:

Proposition 1: Loss-related and capability-exposing entrepreneurial events trigger entrepreneurs' fear of failure.

(2) Influence of Entrepreneur Characteristics on Fear of Failure Formation

Cognitive Appraisal Theory explains how external environments trigger individuals' emotions, primarily viewing emotions as adaptive responses to external environments that vary according to individual characteristics. Different emotional reactions to the same phenomenon are influenced by individual traits (Llewellyn & Wilson, 2003; Shan et al., 2019). Based on existing research,

we analyze how entrepreneur characteristics influence fear of failure primarily through entrepreneurial passion and regulatory focus.

Entrepreneurial passion refers to individuals internalizing activities they enjoy and consider important into their identity, and being willing to invest time and effort accordingly. Different types of entrepreneurial passion exert differential effects on entrepreneurial decision-making, psychology, and behavior (Stroe et al., 2018; Cardon et al., 2017; Chen et al., 2020). Based on different internalization methods, entrepreneurial passion divides into harmonious passion and obsessive passion. Harmonious passion involves autonomously internalizing entrepreneurial activities into identity due to the challenges and joy the activity itself brings, whereas obsessive passion involves internalizing entrepreneurial activities into identity due to interpersonal and external pressures (such as gaining social recognition) to achieve or maintain positive outcomes (Vallerand et al., 2003). Entrepreneurs with obsessive passion adopt rigid and defensive operating modes when facing failure information, over-interpreting perceived external threats and triggering cognitive feedback signals that activate fear of failure. Conversely, entrepreneurs with harmonious passion possess self-security and autonomous control, adopting flexible, non-defensive operating modes when facing failure information, with failure feedback signals having minimal impact (Bélanger et al., 2013). Harmonious passion leads entrepreneurs to endorse and voluntarily participate in activities, reducing focus on failure-related negative consequences and thereby inhibiting fear of failure formation.

Individuals exhibit specific patterns or tendencies when regulating their thoughts and reactions to achieve particular goals. Regulatory Focus Theory distinguishes two regulatory approaches: prevention focus and promotion focus (Crowe & Higgins, 1997). When entrepreneurs adopt a prevention focus, their motivation stems from protection and safety needs, prompting responses to responsibilities and security concerns, with greater attention to negative outcomes and unfavorable information during goal pursuit to satisfy safety needs. Consequently, entrepreneurs' prevention focus makes them more susceptible to activation of fear of failure by failure-related signals. In contrast, when entrepreneurs adopt a promotion focus, they are motivated by growth and advancement needs, requiring alignment with their "ideal self," manifested by greater attention to positive outcomes and favorable information during goal pursuit, insensitivity to failure-related signals, and thereby inhibiting fear of failure formation. We therefore propose:

Proposition 2a: Entrepreneurs' harmonious passion inhibits fear of failure, while obsessive passion triggers it.

Proposition 2b: Entrepreneurs' promotion focus inhibits fear of failure, while prevention focus triggers it.

3.2 Research Module 2: Effects of Fear of Failure on Entrepreneurial Behavior

Individuals exhibit three behavioral responses to fear: flight, fight, and freeze (Lazarus, 1991). Based on this, we propose that fear of failure exerts three effects on entrepreneurial behavior in entrepreneurial contexts: inhibition, incentive, and repression. “Inhibition” primarily manifests as reducing or ceasing opportunity-seeking behaviors; “incentive” manifests as strengthening crisis awareness and proactively addressing entrepreneurial threats; and “repression” involves engaging in distraction activities to eliminate or ignore fear of failure experiences, or pushing such fear into the subconscious. We now detail how fear of failure influences entrepreneurial behavior through these three pathways.

Inhibition. As a behavioral response, inhibition manifests as reducing or stopping opportunity-seeking behaviors, preferring inaction, or delaying entrepreneurial tendencies. Fear of failure inhibits entrepreneurial behavior by potentially avoiding entry situations, withdrawing from ongoing activities, reducing entrepreneurial effort, or redirecting effort toward more easily achievable goals. The inhibition mechanism also manifests as extreme caution in entrepreneurial activities. Fear of failure dampens entrepreneurs’ enthusiasm, prompting reduced effort and ultimately preventing them from pursuing their entrepreneurial ideas. Although sometimes fear of failure does not completely suppress all entrepreneurial actions, it may delay and postpone entrepreneurial processes.

Incentive. Incentive includes increasing resource investment, devoting new energy to tasks, maintaining effort in a given direction, and selecting tasks with specific challenge levels. Fear of failure’s incentive effect manifests as entrepreneurs proactively rather than passively addressing difficulties, setbacks, and crises. Due to fear of failure, entrepreneurs may exhibit intensified behaviors toward opportunities or risks, with increased behavioral intensity and persistence. Additionally, it includes entrepreneurs taking actions to address fear-inducing threats to support entrepreneurial goal achievement.

Repression. Repression manifests as entrepreneurs engaging in a series of distraction activities to eliminate or ignore fear of failure experiences. Some entrepreneurs push failure-related uncomfortable thoughts into their subconscious, forcing themselves to ignore these feelings. By engaging in activities unrelated to the entrepreneurial process, they attempt to forget the origins of uncomfortable thoughts and feelings. Although repression could be categorized as an avoidance behavior, we distinguish it from inhibition because repression does not involve behavior oriented toward or away from opportunities or risks. Instead, it comprises behaviors completely unrelated to opportunities, ideas, or risks—a form of escapist response that pretends fear of failure does not exist, attempting to avoid feeling fear of failure and ignoring corresponding negative thoughts and emotions. We therefore propose:

Proposition 3: Fear of failure influences entrepreneurial behavior through

three distinct pathways: inhibition, incentive, and repression.

3.3 Research Module 3: Environmental Characteristics as Moderators of the Fear of Failure-Entrepreneurial Behavior Relationship

The inhibitory, incentive, and repressive effects of fear of failure on entrepreneurial behavior are constrained by external environmental characteristics. Based on existing literature, we distinguish between micro and macro environments, with the former primarily encompassing social support received by entrepreneurs and the latter including institutional and cultural environments (Wennberg et al., 2013; Boudreaux et al., 2019). These environmental characteristics can explain why and when fear of failure is more likely to lead to inhibitory, incentive, or repressive behaviors, enabling deeper analysis and more comprehensive understanding of fear of failure's mechanisms.

(1) Moderating Effect of Social Support

As an effective channel for entrepreneurs to obtain external resources, social support refers to various tangible and intangible care and assistance obtained from social networks, which catalyzes entrepreneurs' cognition, affect, and behavior (Lu & Guo, 2018). Social support divides into emotional support and functional support based on support type (Doeglas et al., 1996). When entrepreneurs receive high emotional support, they obtain more encouragement and recognition from closely related social groups, adopting a positive mindset that views fear of failure as a challenge to be faced rather than an insurmountable obstacle. Emotional support serves as a buffer for physiological stress (Wang & Wang, 2020), amplifying the salience of potential gains, which in turn encourages entrepreneurs to take action—significantly strengthening fear of failure's incentive effect on entrepreneurial behavior.

From the functional support perspective, greater resource and information support enables entrepreneurs under pressure to obtain more resources and promptly seize innovative opportunities (Pollack et al., 2012). From Conservation of Resources Theory perspective, after experiencing fear of failure, entrepreneurs actively seek resources through multiple channels to alleviate fear or reduce failure threats, particularly by acquiring resources to mitigate various negative consequences. Social support represents an important external resource supplement. When entrepreneurs receive high functional support from social networks, they re-evaluate and integrate multiple resources, ultimately reducing fear of failure's negative effects on entrepreneurial behavior. That is, functional support reduces fear of failure's inhibitory and repressive effects.

Based on this analysis, we propose:

Proposition 4a: When entrepreneurs receive emotional support, it strengthens fear of failure's incentive effect on entrepreneurial behavior.

Proposition 4b: When entrepreneurs receive functional support, it reduces fear of failure' s inhibitory and repressive effects on entrepreneurial behavior.

(2) Moderating Effect of Institutional and Cultural Environments

First, prior research indicates that when national entrepreneurship policies are entrepreneur-friendly, fear of failure' s inhibitory effects decrease while its incentive effects increase. Boudreaux et al. (2019) found that when national economic freedom increases, fear of failure promotes opportunity-driven entrepreneurship. U.S. bankruptcy law allows entrepreneurs to restart relatively quickly, whereas European bankrupts are often stigmatized as “failures,” resulting in lower failure “stigmatization” in U.S. entrepreneurship policy (Vaillant & Lafuente, 2007). Consequently, U.S. entrepreneurship policy is more entrepreneur-friendly, entrepreneurial activity is more vigorous, innovative entrepreneurship is more easily activated, and fear of failure' s negative effects are more effectively reduced. Therefore, when national institutional environments are entrepreneur-friendly, they strengthen fear of failure' s incentive effects while reducing its inhibitory and repressive effects.

Second, regarding cultural environment, research shows that fear of failure' s effects on entrepreneurial behavior vary across cultural contexts (Chua & Bedford, 2016). Wennberg et al. (2013) proposed that as cultural collectivism increases and uncertainty avoidance decreases, fear of failure' s inhibitory effects on entrepreneurial behavior weaken. “Face” is emphasized in collectivist cultures, and Chinese individuals experience higher fear of entrepreneurial failure compared to Western societies due to fear of “losing face” (Begley & Tan, 2001). A “failure-tolerant” cultural environment can also demonstrate exemplary and legitimizing effects by publicizing role models who succeeded after failure. Role models transmit positive entrepreneurial information, reducing information costs for non-entrepreneurs and decreasing cognitive stigma associated with failure while providing legitimizing support for entrepreneurship (Lafuente & Vaillant, 2013; Ferreto et al., 2018), all of which reduce fear of failure' s inhibitory effects. Moreover, cultivating a “failure-tolerant” culture not only helps alleviate psychological burdens for entrepreneurs who have begun taking action but also encourages more individuals to start entrepreneurial activities. When national cultural environments are more failure-tolerant, they strengthen fear of failure' s incentive effects while reducing its inhibitory and repressive effects.

Based on this analysis, we propose:

Proposition 5a: When national institutional environments are entrepreneur-friendly, they strengthen fear of failure' s incentive effect on entrepreneurial behavior while reducing its inhibitory and repressive effects.

Proposition 5b: When national cultural environments are more failure-tolerant, they strengthen fear of failure' s incentive effect on entrepreneurial behavior while reducing its inhibitory and repressive effects.

4. Theoretical Contributions

This study investigates the formation, development, and functioning patterns of fear of failure, excavates its constituent elements in entrepreneurial contexts, analyzes triggering factors through the combination of entrepreneurs and entrepreneurial events, dissects its differential effects on entrepreneurial behavior, and proposes boundary conditions and activation mechanisms for the fear of failure-entrepreneurial behavior relationship. We extend existing research in four primary ways.

First, we analyze fear of failure's connotation through its dual emotional and cognitive attributes in entrepreneurial contexts. Based on Cognitive Appraisal Theory, we identify key constituent elements of fear of failure from the perspectives of negative emotion sources and threat appraisal styles, providing support for scientifically identifying and describing fear of failure types in entrepreneurial contexts. Current academic research on fear of failure mostly adopts psychological paradigms, comparing it with risk attitude, failure avoidance motivation, and negative emotional states, yet inadequately highlighting entrepreneurship's unique and dynamic characteristics. Entrepreneurial contexts feature high uncertainty, time pressure, and challenge, with entrepreneurs' fear of failure potentially exhibiting heterogeneity across entrepreneurial stages. However, most existing research employs static approaches, failing to capture consistent fear of failure structures and limiting construct validity (Cacciotti et al., 2016). Future research should identify key constituent elements based on different negative emotion sources and threat appraisal styles, employing psychological scenario experiments to analyze fear of failure's content and manifestations according to different entrepreneurial task types and environmental characteristics. Using numerous real cases as material, experimental scenarios should be designed through multi-round interviews, inviting entrepreneurs (as subjects) to report emotional reactions and decisions across different entrepreneurial contexts (varying threat sources and cognitive processing styles). By examining dynamic interactions among environmental stimuli, emotion, and cognition, we can dissect fear of failure's constituent elements, providing new approaches for scientifically identifying and accurately describing fear of failure while fully reflecting its dynamic and diverse nature in entrepreneurial contexts.

Second, we distill rational formation patterns of fear of failure from both entrepreneurial events and entrepreneur characteristics. During entrepreneurship, fear of failure experiences are triggered by interdependent combinations of external social cues and internal cognitive appraisals (Cacciotti et al., 2016). External environments activate entrepreneurs' internal cognitive assessments of failure's multiple consequences (Conroy & Elliot, 2004). However, entrepreneurs with different characteristics appraise similar events differently. Contextual cues in entrepreneurial events (financial security, financing capacity, execution ability, etc.) cause fear of failure, but these external environmental cues must interact with entrepreneurs' internal cognitive appraisals to trigger fear. In fact, fear of failure emerges from the interaction between entrepreneurs' appraisals

and external environments (entrepreneurial events). Cognitive appraisal of entrepreneurial events is based on external threat cues, which trigger internal cognitive evaluations of action feasibility and desirability (Krueger, 1993). Entrepreneurs with different passion types and regulatory foci exhibit different action evaluations. Conversely, internal cognitive appraisals of action feasibility and desirability influence how entrepreneurs perceive the external environment that generates fear of failure. Based on Affective Events Theory, we propose that entrepreneurial events (affective events) and entrepreneurs with different characteristics produce different appraisal effects, further analyzing how their interaction triggers fear of failure. Methodologically, we propose using Experience Sampling Method (ESM), an event-based sampling approach. When dynamically tracking reveals key events requiring investigation, entrepreneurs are invited to record and report accordingly, enabling dynamic tracking of psychological and behavioral variables. ESM allows tracking entrepreneurs' real activities, capturing how stress, emotion, and entrepreneurial behavior change over time, and combining entrepreneur characteristics to explore formation patterns across contexts. Starting from entrepreneurship' s contextual uniqueness and psychological research on fear of failure while incorporating key affective events enhances theoretical explanatory and predictive power, helping explain different causes of fear of failure and representing an important extension and deepening of fear of failure research from Affective Events Theory and Cognitive Appraisal Theory perspectives.

Third, we theoretically analyze fear of failure' s effects on entrepreneurial behavior, revealing deep-seated reasons behind complex entrepreneurial behaviors and refining entrepreneurial behavior theory. Based on literature analysis and case interviews, we propose developing scales for fear of failure and entrepreneurial behavior constructs through large-sample questionnaires to test our theoretical model. Considering the lagged effects of fear of failure on behavior, questionnaires will be administered at two time points approximately six months apart. Large-sample surveys not only help test existing theories' explanatory power but also explore unnoticed new issues and potentially generate new theoretical discoveries. By analyzing three effects of fear of failure across contexts and their activation mechanisms, this study not only helps systematically refine and test the applicability of practice-based theoretical frameworks but also adds new theoretical explanations for analyzing entrepreneurial behavior change patterns at the theoretical level, expanding research space on fear of failure' s behavioral effects.

Fourth, we summarize boundary conditions for fear of failure' s effects on entrepreneurial behavior from environmental characteristics. Fear of failure' s effectiveness is influenced by external environments. Fear of failure permeates the entire entrepreneurial process, potentially intensifying with increased commitment to entrepreneurial activities while possibly decreasing through learning and experience accumulation (Cacciotti et al., 2016). Across different entrepreneurial stages, entrepreneurs face changing external environments, altering their investment levels and commitment, which subsequently influences fear of failure' s

effects on entrepreneurial behavior. By examining micro-environments such as social support and macro-environments such as institutional and cultural contexts, we identify moderating variables that reduce fear of failure's negative effects and enhance its positive effects. This can explain why and when fear of failure is more likely to inhibit or motivate entrepreneurial behavior, enabling deeper analysis and more comprehensive understanding of fear of failure's mechanisms, providing micro-level knowledge foundations for exploring under what conditions and to what extent fear of failure influences entrepreneurial behavior, and enriching theoretical understanding of interactions among entrepreneur cognition, emotion, and environment (Lazarus, 1991).

Moreover, analyzing external environmental characteristics provides scientific foundations for entrepreneurship policy formulation and environmental construction. Entrepreneurship environment construction should not only improve hardware support and preferential policies but also cultivate a "failure-tolerant" cultural atmosphere, establish policy safeguards that "reduce failure costs," and create "entrepreneurship-friendly" institutional frameworks.

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