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The influence of psychological capital on the growth intentions of entrepreneurs: A study on Malaysian SME entrepreneurs

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Abstract:

Growth of entrepreneurial ventures plays important role in a country's economic development and entrepreneurs' growth intention is considered as an important predictor of their venture growth. On the other hand, Psychological capital (PsyCap) is one such resource which can influence attitudes and behaviours like growth intentions of entrepreneurs. This study is aimed to investigate the relationship between psychological capital and growth intentions of entrepreneurs specifically in Malaysian context. The data was collected from 275 Malaysian SME entrepreneurs and Regression analysis reveals that PsyCap, as a core construct, positively and significantly influences the growth intentions of entrepreneurs. Further, it is also identified that two out of four dimensions of PsyCap (hope and self-efficacy) have significant and positive influence on entrepreneurs' growth intentions. It is also revealed that PsyCap, as a core construct, more powerfully predicts the growth intentions as compared to its first order constructs separately. This finding highlights the significance of PsyCap as a core construct in entrepreneurial researches. It contributes knowledge to psychological capital and entrepreneurship literature and also has implications for existing and prospective entrepreneurs as well as government and private bodies.

JEL Classifications: M10

Keywords: Psychological capital, growth intention, entrepreneurship, hope, optimism, resilience, self-efficacy

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Introduction

Progressive and growing entrepreneurial small firms help in employment generation, economic replenishment and also are the significant indicators of venture success (Delmar et al., 2003; Estrin et al., 2013). Therefore, venture performance and growth has gained considerable consideration in the field of entrepreneurship (Acs & Evans, 1993; Delmar et al., 2003). Further, previous research highlighted venture creation as a result of founder's deliberate decision (Delmar, 1996) and the ventures' growth is also a deliberate entrepreneurial decision (Verheul & Mil, 2011; Wiklund & Shepherd, 2003). Moreover, growth intention can be seen as an important antecedent of entrepreneurial venture growth and performance. Theory of planned behavior elaborated intention as a cognitive state which comes immediately before the targeted behavior (i.e. the decision to act) and is the best indicator of succeeding behavior (Ajzen, 1991). Therefore, it can be argued that,

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as far as the future growth of a venture is concerned, it is mostly determined by the future growth intention of entrepreneurs.

Successful organizations manage their resources effectively to maximize productivity, performance outcomes and returns to stakeholders. Traditionally, organizations chiefly take help from reengineering and quality movement and, recently, have shifted their focus towards human and social capital for improving their efficiency. However, they are now turning their attention more towards the development of positive psychological resources (e.g. Psychological Capital) as an important sources of productivity and competitive advantage (Luthans & Youssef, 2004). It is an interesting point that human capital deals with “what you know”; social capital details “who you know” and the psychological capital elaborates “who you are” and ‘who you are becoming’ (Jensen & Luthans, 2006). This contemporary progression is founded on the conviction that positive workplace is more productive workplace. Further, it is both conceptually and empirically evident that psychological capital has considerable positive effect on the individuals’ performance (Luthans & Youssef, 2004; Norman et al., 2010) and substantial negative impact on individuals’ turnover intention (Avey et al., 2011).

In entrepreneurship, psychological capital (PsyCap) is also considered as an important individual trait required by entrepreneurs to lead their businesses (Hmieleski & Carr 2008). However, insufficient empirical studies inspected the application of positive psychological capital on entrepreneurs. Furthermore, psychological capital has been argued to have positive linkages with desirable attitudes and negative linkages with the undesirable attitudes (Avey et al., 2008; Avey et al., 2011; Beal et al., 2013). Regrettably, past researchers ignored the influence of psychological capital on positive attitudes like future growth intentions of entrepreneurs. As PsyCap, theoretically and empirically, have positive relations with positive attitudes and negative relations with negative attitudes like quitting intentions so it would be valuable to examine its effects on entrepreneurs’ positive attitude like growth intentions.

Therefore, this study is aimed to investigate the relationship between entrepreneurs’ psychological capital and their growth intention. Secondly, it is also aimed to investigate the relationships of four first-order constructs of psychological capital (i.e. hope, resilience, optimism and self-efficacy) with future growth intention of entrepreneurs. Finally, this study is also aimed to investigate that whether psychological capital as a core construct is more powerful predictor or its four first-order constructs are more powerful predictors of future intentions of entrepreneur. Hence, this study will embark on following research questions:

- Does Psychological capital as a core construct has relationship with growth intention of entrepreneurs?
- Does hope of entrepreneurs has relationship with their growth intention?
- Does optimism of entrepreneurs has relationship with their growth intention?
- Does resilience of entrepreneurs has relationship with their growth intention?
- Does self-efficacy of entrepreneurs has relationship with their growth intention?
- Does Psychological capital of entrepreneurs predict growth intention more powerfully or its first-order constructs are more powerful predictor of their future growth intention?

Most of past researches studied relationship of psychological capital with negative intentions of employees (i.e. employees’ quitting intentions). The relationship of psychological capital with positive intentions (i.e. growth intentions) has been mostly overlooked in past studies. Further, there is a scarcity of psychological capital research in entrepreneurship field. In addition, psychological capital has very rarely been studied in Asian specifically Malaysian context. By studying the relationship between psychological

capital and its four first-order constructs with the growth intention of Malaysia SME entrepreneurs, this study has filled many conceptual and contextual gaps.

Literature review

Intention has been defined differently by different scholars. Bird (1988, 442) identified intention as a “state of mind directing a person’s attention (and therefore experience and action) towards a specific object (goal) or a path in order to achieve something (means)”. According to Angelle (2006) intention is an attitudinal construct which is purposeful and is dependent on intrinsic personal beliefs and values. She deliberated intention as a determination of a person to act in a particular manner. On the other hand, Greve (2001) proposed that as actions are intentional and are performed for some certain reasons therefore intentions should be understood as action components. Mainly intention is considered as a major indicator of succeeding behaviour (Adriaanse et al., 2011; Ajzen, 1991). It is also deliberated as essential conception in entrepreneurship (Fitzsimmons & Douglas, 2011) and is a vital indication of successive behaviour of entrepreneurs (Shane et al., 2003).

Intentions direct entrepreneurs in their work, goal settings, commitment and lay down the firm’s type and direction at the time of commencement and further during its endurance, change and growth phases (Bird, 1988). Therefore, intention to grow is deemed as an essential characteristic of the behaviour of entrepreneurs (Sadler-Smith et al., 2003) which plays important role in successive growth of the firm (Wiklund & Shepherd, 2003). Krueger et al. (2000) emphasized that opportunity recognition process has been deemed as the intentional processes which depict and explain entrepreneurship in best possible manner. Similarly, growth intention relates positively with the performance and future growth of a business venture (Baum et al., 2001; Delmar & Wiklund, 2008; Kolvereid & Bullvag, 1996). Thus, growth intention is considered as an essential aspect of entrepreneurial behavior (Sadler-Smith et al., 2003). However, there is a need to study the factors which influence entrepreneurs’ intentions during entrepreneurial endeavor (e.g. growth intention) as past researchers pay very little consideration to this conception (Krueger et al., 2000).

On the other hand, contemporary positive psychology movement owes to Martin Seligman (1999) who stressed on embarking on positive qualities and beneficial functioning rather than only treating the wrongs with the people. Seligman (2002) draws attention towards “three pillars” of positive psychology: positive subjective experiences, positive personal characteristics, and positive organizations and society. Also, some of the researchers draw their attention on appliance of positive psychology to micro level analysis and on the processes which are capable of improving performance at workplace. This research stream is referred as Positive Organizational Behaviour which is initiated by the work of Luthans (2002a, 2002b). Positive Organizational Behavior (POB) stream draws focus on comparatively state-like positive constructs which have impact on work performance. Further, on such constructs which exists at individual level and have valid measurements and strong theoretical base (Luthans, 2002a, 2002b; Youssef & Luthans, 2007).

Luthans and his colleagues (Luthans, 2002a; Luthans et al., 2007) recognized self-efficacy (Bandura, 1997), resilience (Masten, 2001), hope (Snyder, 2000) and optimism (Seligman, 1998) as four constructs which are specifically pertinent to Positive Organizational Behaviour (POB). These are competitively state-like, positive, individual level and have valid measures and strong theoretical base. For instance, drawn from the hope theory, hope is defined as “positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)” (Snyder et al., 1991: 287). Similarly, drawn from attribution theory, optimism is

considered as an attribution approach which deems positive events as internal and persistent whereas negative episodes as situation-specific, external and non-persistent (Seligman, 1998). Therefore, optimist individuals possess the positive expectations about the future in spite of current adverse circumstances (Seligman, 2002) whereas pessimist expect negative things to happen in future (Scheier & Carver, 2009).

Further, resilience is a competence which could cause positive outcomes in spite of considerable risks and adversities (Masten, 2001). Specifically, for work settings, resilience is considered as a “positive psychological capacity to rebound, to ‘bounce back’ from adversity, uncertainty, conflict, failure, or even positive change, progress and increased responsibility” (Luthans, 2002a: 702). Finally, self-efficacy is defined as “beliefs in one’s capabilities to organize and execute the courses of action required to produce given attainments” (Bandura, 1997: 3). Drawn from the work of Bandura (1977b) (i.e., Social Learning Theory) and Bandura (1986) (i.e. Social Cognitive Theory), Stajkovic and Luthans (1998: 66) defined self-efficacy for positive organizational behaviour stream as an individual’s “convictions (or confidence) about his or her abilities to mobilize the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context”.

With respect to state-likeness of these constructs, it is argued that these construct are somehow developable. For instance, according to Seligman (1990), optimism is practiced by individuals within fixed range. However, through trainings it could be inculcated in individuals to its maximum over the period of time. Scheier and Carver (1987) also argued that although only 25 to 30 % of variability is possible in optimism however it could be developed through cognitive therapies (Carver et al., 2009). Further, Masten (2001) asserted that resilience could be developed through adaptive processes. Lastly, perceived self-efficacy is also a developable characteristic (Bandura, 1997). It is argued that performance attainment and experience generally causes increase in self-efficacy (Bandura, 1977a). In addition to mastery experience, behavioral modeling or vicarious learning, verbal persuasion and emotional/psychological arousal can also help development of perceived self-efficacy (Bandura, 1977a; Luthans, 2002a).

As far as impact on work performance is concerned, hope, optimism, resilience and self-efficacy have theoretical and empirical relationships with work performance. Such as, positive impact of hope has been found on workplace performance (Adams et al., 2002; Luthans et al., 2005; Youssef & Luthans, 2007); organizational commitment and profitability (Adams et al., 2002). Similarly, optimism also found to have substantial positive impact on factory workers’ performance (Luthans et al., 2005), sales people performance (Seligman, 1998), higher productivity, job performance, and organizational commitment of workers (Youssef & Luthans, 2007). Positive relationships of resilience have also been found on employees’ work performance (Luthans et al., 2005), job satisfaction and commitment (Larson & Luthans, 2006; Youssef & Luthans, 2007). Finally, Self-efficacy also found to have significant relationships with work performance (Johnson & Delmar, 2010; Judge et al., 2007), job satisfaction and work engagement (Hmieleski & Corbett, 2006; Salanova et al., 2011)

Psychological capital being a multidimensional construct (based on explanatory foundation of psychological resource theory: Hobfoll, 2002) is thus found to integrate the shared mechanism/variance of these four first order discriminant constructs (Avey et al., 2011). Hope, optimism, resilience and self-efficacy have also been depicted in a manner that shows their shared variance. For example, it is stated that people’s achievements need “optimistic sense of personal efficacy” (Bandura, 1998: 56). Similarly, it is the “resiliency of personal efficacy that counts” (Bandura, 1998: 62) in order to become successful after failed attempts. Further, it is also contended that, similar to hope, optimism is a target oriented cognition based process which triggers in the presence of perceived value of future results (Snyder, 2002).

Empirical results also proof the psychological capital's multidimensionality. For instance, Luthans et al. (2007) modeled hope, optimism, resilience and self-efficacy in separate groupings and also jointly in psychological capital model. By comparing competing confirmatory factor models, they identified that overall psychological capital model best fits the data with high convergent validity and correlations ranged from 0.6 to 0.7. Further, while predicting performance, psychological capital as core second order construct shows superior predictive power than its first order constructs. Other scholars like Avey et al. (2010), Luthans et al. (2008) and Gooty et al. (2009) also found overall psychological capital model best fitting the data. Thus, it is more viable to see psychological capital (PsyCap) as overall second order latent factor comprising of four first order constructs of hope, resilience, optimism and self-efficacy (Avey et al, 2009; Avey et al., 2010; Larson et al., 2013; Luthans et al., 2007). Therefore, on the basis of above conceptual and empirical discussion, this study presents following research hypotheses:

H1: There is a significant relationship between Psychological capital and growth intention of entrepreneurs.

H2: There is a significant relationship between hope of entrepreneurs and their growth intention.

H3: There is a significant relationship between optimism of entrepreneurs and their growth intention.

H4: There is a significant relationship between resilience of entrepreneurs and their growth intention.

H5: There is a significant relationship between self-efficacy of entrepreneurs and their growth intention.

H6: Psychological capital as a core construct predicts growth intention more powerfully than its four first-order constructs.

Methodology

As the objectives of this study are to investigate the relationship of psychological capital, hope, optimism, resilience and self-efficacy with growth intention of entrepreneurs hence cross-sectional quantitative research methodology has been opted. The population of this study was the SME entrepreneurs of Kuala Lumpur and Selangor, Malaysia. There are total 34,669 entrepreneurs of these regions registered with SMECorp Malaysia. However, the sampling frame is not comprehensive and details of many SME entrepreneurs are either not available or not updated. Further, this study is not particularly aimed to generalize the findings of the research. Therefore, using the recommendations of Reynolds et al. (2003) and Zikmund et al. (2012), this study employed non-probability convenience sampling technique to draw the sample of 275 SME entrepreneurs which is a reasonably large sample size (Garver & Mentzer, 1999; Hoe, 2008). Survey research method was employed to collect the data. The survey technique has the capacity to obtain higher response rate, can cover larger geographical area and it is also time and cost effective (Bryman, 2008). Therefore, self-reported survey questionnaire was developed with the help of already established, valid and reliable measures of psychological capital and growth intention, to collect the required data.

The 24 items psychological capital questionnaire (PCQ) was adopted from Luthans et al. (2007). The validity and reliability of PCQ has already been ensured. For instance, Avey et al. (2008; 2010) found that PCQ has reliability coefficient of 0.95. On the other hand, Fischbein and Ajzen (1975) stated that; to measure the future intentions of an individual, one only need to ask that whether that individual intent to do that work or not. Especially in relation to business, sales and employment growth are considered as important

indicators of firm growth (Delmar et al. 2003). As the growth intention is operationally defined as the motivation of entrepreneurs with respect to their future intentions to grow their current businesses (based on Dutta & Thornhill, 2008) therefore, to measure the growth intention of an entrepreneur, it seems appropriate to ask about the intentions of entrepreneurs regarding their future sales and employment growth motivation. On the basis of this premise, 5 items growth intention questionnaire was partly developed and mostly adapted from Fischbein & Ajzen (1975), Cassar (2006) and Delmar & Wiklund (2008). Further, a six-point Likert scale was employed to obtain the responses of the target respondents.

Data analysis

Pre-testing was initially conducted. The face validity was ensured through taking opinion and endorsement of two experts. Later, the pilot study data was collected from 35 Malaysian SME entrepreneurs with the help of convenience sampling technique. The internal consistency of the instrument was determined through Cronbach Alpha. The result shows the alpha values of 0.963 for growth intention construct and 0.922 for psychological capital construct. Further, the measures of four first-order constructs of psychological capital have alpha values of 0.841 (hope), 0.874 (optimism), 0.820 (resilience) and 0.869 (self-efficacy). All of these alpha values are above 0.70 which show reasonably sufficient internal consistency/reliability (Hair et al. 2010).

Finally, few cosmetic changes were made in questionnaire on the basis of the opinions of experts and respondents of pilot testing. The final questionnaire was then launched to collect the data. Total of 357 questionnaires were distributed among SME entrepreneurs who are owners and active managers of their ventures and who are operating same businesses since atleast last one year. Out of 357 distributed questionnaires, 284 were returned. Two questionnaires were returned blank which left 282 useful questionnaires for subsequent data analysis. Hence the response rate was around 79% which is reasonably high.

Missing value analysis reveals that missing values are not a major problem for this study as only 6 cases have missing values and no case has more than 5 percent missing values. Further, no variable has more than 2 percent missing values. Therefore, following the suggestions of Hair et al. (2010) these variables/cases were not removed and were handled by replacing the missing values with mean values.

Further, following the suggestions of Tabachnick and Fidell (2007) and Hair et al. (2010), standardized scores are used to identify univariate outliers and Mahalanobis distance is used to identify the multivariate outliers. The analyses reveal that three cases have standardized scores higher than ± 3.29 and were deleted. In addition, four cases were found to be multivariate outliers and were deleted. Total seven cases were deleted and that left 275 cases for further analysis.

The data normality was checked through skewness-kurtosis values, Histograms and Q-Q plots. It is found that the skewness and kurtosis values of latent variables are within the range of ± 1 while skewness and kurtosis values of observed variables are within the range of ± 2 . As these values are within the range of ± 2.58 hence these shows that data is reasonably normally distributed (Hair et al. 2010). On the other hand, the visual inspection of Histograms shows nicely bell shaped curves while Q-Q plots reveals the assembling of observations around straight lines. These results also ensure the data normality. Similarly, scatter plot of residuals shows random and even dispersion of residuals while bivariate scatter plot shows oval shaped accumulation of data points around best fit line. These results ensure that this study met the assumptions of linearity and homoscedasticity (Hair et al., 2010; Tabachnick & Fidell, 2007).

Further, the tolerance and variance inflation factor (VIF) values were inspected to detect the multicollinearity issue. It is suggested that the tolerance values should be above 0.10 and VIF values should be below 10 to avoid multicollinearity (Hair et al., 2010; Norusis, 2008). It is found that all tolerance values are between the range of 0.50 and 0.70. Similarly, all VIF values are below two. It gives evidence of non-existence of multicollinearity in this study.

The descriptive analyses reveals that most of the respondents were male (52.4%), married (76%), Malay (55.6%) and in the age bracket of 31-40 (29.8%). It is also noteworthy that around 49% have first degree/professional qualification or higher degrees. Further, majority entrepreneurs (65.8%) have moderate to high prior experience. Moreover, a large number of entrepreneurs were related to the service sector including ICT (65.8%). Finally, the internal consistency/reliability was examined through Cronbach alpha values. The Cronbach alpha value above 0.70 demonstrated the reasonable reliability (Hair et al., 2010; Norusis, 2008). It was found that all alpha values were above 0.82 which ensures reasonably high internal consistency/reliability. In addition, Kaiser-Meyer-Olkin's value for all variables was found to be higher than 0.8 with significant Barlett's Test results. Hence, it can be concluded that, along with reliability, validity is also not an issue for all measured variables (Kaiser, 1974 in Norusis, 2008).

TABLE 1. CORRELATIONS (PSYCAP AND GROWTH INTENTION)

		Growth Intention	Psychological Capital
Growth Intention	Pearson correlation	1	.543**
	Sig. (2-tailed)		.000
	N	275	275
Psychological Capital	Pearson correlation	.543**	1
	Sig. (2-tailed)	.000	
	N	275	275

Note: ** - Correlation is significant at the 0.01 level (2-tailed).

The bivariate data analyses were conducted with the help of Pearson's product moment correlation to understand the relationship between study constructs (Sekaran & Bougie, 2010; Tabachnick & Fidell, 2007). Table 1 shows that the relationship between psychological capital and growth intention is positive and significant with coefficient value of 0.543 which shows higher effect size (Cohen, 1992). On the other hand, Table 2 demonstrates the correlations among hope, optimism, resilience, self-efficacy and growth intention. It is found that all correlations are positive and significant while coefficients of correlation of hope, optimism, resilience and self-efficacy with growth intention are within the range of 0.455 to 0.511 which demonstrate high effect size (Cohen, 1992). Comparatively, the correlation coefficient between psychological capital and growth intention demonstrate relatively higher effect size than the correlation coefficient of hope, optimism, resilience and self-efficacy with growth intention.

Moreover, the multiple regression analysis was used to conduct multivariate data analysis. Firstly, the relationship between psychological capital and growth intention was investigated. The results of this analysis are given below in Table 3a, Table 3b and Table 3c. ANOVA results (Table 3b) demonstrate the model significance while model summary (Table 3a) reveals the R squared value of 0.294. It demonstrates that 29.4 percentage

changes in growth intention are explained by the psychological capital which is considered large effect size (Cohen, 1988). Further, Table 3c reveals the positive and significant relationship between psychological capital and growth intention with t value of 10.675 and beta value of 0.543. This shows the high magnitude effect of exogenous variable (psychological capital) on the endogenous variable (growth intention). Hence, first hypothesis (H1) is accepted.

TABLE 2. CORRELATIONS (FIRST-ORDER CONSTRUCTS AND GROWTH INTENTION)

		Growth Intention	Hope	Optimism	Resilience	Self Efficacy
Growth intention	Pearson correlation	1	.511**	.455**	.458**	.501**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	275	275	275	275	275
Hope	Pearson correlation	.511**	1	.906**	.912**	.819**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	275	275	275	275	275
Optimism	Pearson correlation	.455**	.906**	1	.829**	.728**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	275	275	275	275	275
Resilience	Pearson correlation	.458**	.912**	.829**	1	.747**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	275	275	275	275	275
Self Efficacy	Pearson correlation	.501**	.819**	.728**	.747**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	275	275	275	275	275

Note: ** - Correlation is significant at the 0.01 level (2-tailed).

TABLE 3a. MODEL SUMMARY

Model	R	R squared	Adjusted R squared	Std. error of the estimate
1	.543	.294	.292	.60464

Note: Predictors: (Constant), Psychological Capital

TABLE 3b. ANOVA

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	41.660	1	41.660	113.952	.000b
	Residual	99.806	273	.366		
	Total	141.465	274			

Note: Dependent variable: Growth Intention. Predictors: (constant), Psychological capital.

TABLE 3c. COEFFICIENTS

Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. error	Beta		
1	Constant	1.598	.353		4.523	.000
	Psychological Capital	.853	.080	.543	10.675	.000

Note: Dependent variable: Growth Intention

Secondly, the relationships of hope, optimism, resilience and self-efficacy with growth intention were investigated. The results of this analysis are shown in Table 4a, Table 4b and Table 4c. ANOVA results (Table 4b) demonstrate the model significance at $p < 0.001$ level while model summary (Table 4a) shows the R squared value of 0.282. It demonstrates that 28.2 percentage changes in growth intention are explained by the model and this is a large effect size (Cohen, 1988). Further, Table 4c demonstrates that hope ($p < 0.05$) and self-efficacy ($p < 0.01$) have positive and significant relationships with growth intention with t-values of 2.039 and 2.761 respectively and beta value of 0.376 and 0.248 respectively. This shows the high magnitude effect of exogenous variables (hope and self-efficacy) on the endogenous variable (growth intention). Hence hypothesis 2 and 5 (H2 and H5) are accepted. However, it is also found that relationships of optimism and resilience with growth intention are insignificant with t-values of -0.202 and -0.398 respectively and beta values of -0.025 and -0.050 respectively. This demonstrates that the hypothesis 3 and 4 (H3 and H4) are rejected.

TABLE 4a . MODEL SUMMARY

Model	R	R squared	Adjusted R squared	Std. error of the estimate
1	.531a	.282	.272	.61325

Note: Predictors: (Constant), Self Efficacy, Optimism, Resilience, Hope

TABLE 4b. ANOVA

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	39.924	4	9.981	26.540	.000b
1 Residual	101.541	270	.376		
Total	141.465	274			

Note: Dependent variable: Growth Intention. Predictors: (Constant), Self Efficacy, Optimism, Resilience, Hope.

Finally, above results reveal that the relationship of psychological capital as a core construct with growth intention is much stronger ($p < 0.001$; $\beta = 0.543$; t-value=10.675) than the relationships of its four first-order constructs of hope ($p < 0.05$; $\beta = 0.376$; t-

value=2.039), optimism ($p>0.05$; $\beta = -0.025$; $t\text{-value} = -0.202$), resilience ($p>0.05$; $\beta = -0.050$; $t\text{-value} = -0.398$) and self-efficacy ($p<0.01$; $\beta=0.248$; $t\text{-value}=2.761$) with growth intention of entrepreneurs. Hence, hypothesis 6 (H6) is accepted.

TABLE 4c. COEFFICIENTS

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.887	.355		5.318	.000
Hope	.547	.268	.376	2.039	.042
Optimism	-.034	.167	-.025	-.202	.840
Resilience	-.082	.207	-.050	-.398	.691
Self Efficacy	.354	.128	.248	2.761	.006

Note: Dependent variable: Growth intention

Conclusion

This study was aimed to investigate the relationship of entrepreneurs' psychological capital with their growth intentions. This study was also aimed to investigate the relationships of psychological capital's four first-order constructs (i.e. hope, optimism, resilience and self-efficacy) with growth intentions of entrepreneurs. Finally, this study also strived to investigate that whether psychological capital as a core second-order construct has more predictive power than its four first-order constructs or not. The results reveal positive and significant relationships of psychological capital, hope and self-efficacy with growth intentions of entrepreneurs. On the other hand, it is found that optimism and resilience do not have positive and significant relationships with growth intention of entrepreneurs. Further, the results also demonstrate that psychological capital as a core second-order construct has more predictive power than its four first-order constructs. Hence it is concluded that psychological capital, as a core construct is a much stronger predictor of future intentions than hope, optimism, resilience and self-efficacy.

This study reveals that psychological capital can serve as an important resource for entrepreneurs and may help them in developing motivation to maneuver their ventures for future endeavors. As growth of entrepreneurial ventures is important for economic development, employment generation and innovation and it is found that psychological capital is an important predictor of growth intention hence, it is deemed suitable to advice that psychological capital should be considered as an important entrepreneurial resource. This study has implications for prospect, nascent and existing entrepreneurs as it advocated the significance of psychological resources for future growth of their entrepreneurial ventures. Further, because of the findings of this study, the entrepreneurship educators and trainers may also understand the need of psychological capital for future growth of entrepreneurs and may develop courses and/or training programs which can help developing and polishing psychological capital of prospect and existing entrepreneurs.

Finally, this study has few limitations. It used cross-sectional research design. It is suggested that future studies may also use longitudinal research design as it can help understanding the variation in relationship with the passage of time. Further, the data was collected from SME entrepreneurs in Malaysia. It is suggested that future researches may also involve other response groups and may also be conducted in other contextual settings.

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