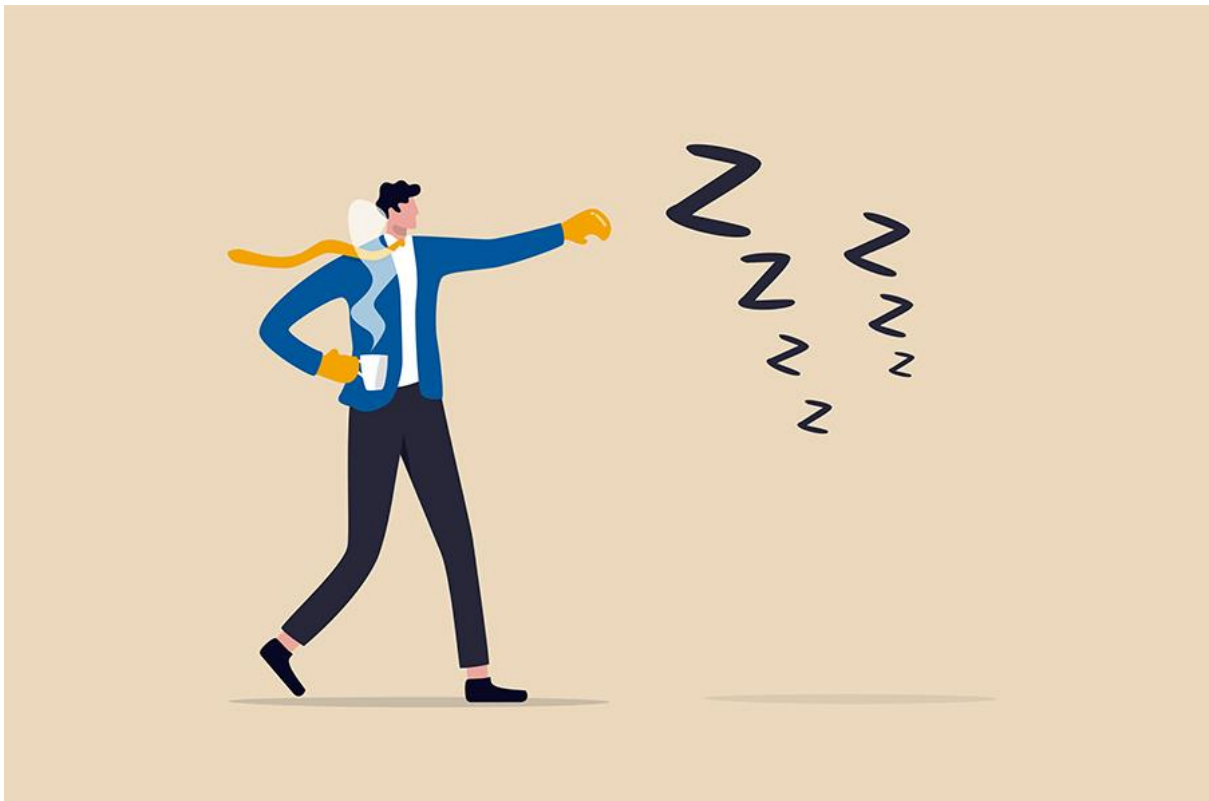


Energetic and happy: The overlooked effect of positive emotions on entrepreneurial alertness

By Masoud Karami, Ludvig Levasseur, and Jintong Tang | Jan 17, 2022

When managed appropriately, emotions can fuel entrepreneurial alertness—an important capability that can give entrepreneurs a leading role in the ever-changing and competitive environment



Entrepreneurship is about exploring and exploiting new opportunities in an uncertain environment

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Research in psychology indicates that emotions influence human cognition and behaviours in many ways. Such influence is also important for entrepreneurs who evolve in an uncertain environment and deal with uncertainty throughout their emotion-loaded careers.

Entrepreneurship is about exploring and exploiting new opportunities in an uncertain environment. Successful entrepreneurs are those alert to environmental changes and first to act upon emerging new opportunities. More specifically, entrepreneurial alertness refers to the ability to explore an overlooked opportunity. It consists of three dimensions: information scanning and search, information association and connection, and opportunity evaluation and judgement (Tang, Kacmar, & Busenitz, 2012). Prior research has emphasised the importance of entrepreneurial alertness in opportunity exploitation (Tang et al., 2012). Prior research has also emphasised the important role emotions play in entrepreneurial cognition (Baron, 2008). It highlights that the important components of the entrepreneurial process are influenced by [entrepreneurs'](#) affect and emotions. However, the association between emotions and alertness remains underexplored in the field of entrepreneurship research. Thus, the key questions we ask in this short paper are: How does positive affect (positive feelings and moods that keep a person active and enthusiastic) enable and activate entrepreneurial alertness to new opportunities? What are the consequences of that emotion-alertness relationship for small firms?

What we found

Our research reveals that positive affect plays a key role in entrepreneurial alertness by allowing entrepreneurs to focus on the positive side of environmental changes. More specifically, positive affect enables all three dimensions of alertness. Positive affect enables entrepreneurs to gather important and relevant pieces of information. Moreover, positive affect enables entrepreneurs to associate previously unconnected pieces of information. Last, positive affect enables entrepreneurs to decide the potential of the new opportunity at hand. Simply put, positive affect enables [entrepreneurs](#) to unpack uncertainty caused by changes in the environment and see a new opportunity emerging from that uncertain environment. We also observed that alertness results in firm-level innovation. It should be noted that innovative products can comprise different forms including radical (i.e., new) or incremental (i.e., improved) products, processes, procedures, markets, partnerships and so on. This interesting and practically important finding highlights that to come up with successful innovations, entrepreneurs are not necessarily required to have revolutionary ideas or commit many financial resources. Instead, their happiness, energy, and enthusiasm can fuel their alertness and help them to see the world differently.

Conclusion

We observed that, when managed appropriately, emotions can fuel entrepreneurial alertness, seen here as an important capability that can give [entrepreneurs a leading role](#) in the ever-changing and competitive environment.

Recommendations for Entrepreneurs and [Managers](#) of Small Firms

Building upon our findings, we encourage entrepreneurs and managers of small firms to:

1. Appreciate that every change in the environment (including radical changes such as the current pandemic) includes positive aspects. Entrepreneurs can manage their feelings and emotions about these changes and embrace these changes as a new reality. Such appreciation can provide them with a unique lens to identify emerging opportunities. This positive approach can help entrepreneurs to offer, for instance, a radically new product, an augmented existing product or process, or even enter a new market.

2. Partner with stakeholders who have positive emotions. Bringing those stakeholders to the venture increases the potential alertness that can, in turn, become a driver for the firm to explore more opportunities. These stakeholders can also augment the stock of existing resources and allow entrepreneurs to better exploit opportunities.

3. To be innovative. Entrepreneurs do not necessarily need to invent everything from scratch, however. The most important they have to do is to cultivate their alertness to new opportunities (i.e., a new process, procedure, resources, strategy and so on). Specifically, entrepreneurs can better utilise their positive affectivity by channelling their positive feelings and emotions toward identifying the innovation potential in every emerging opportunity. Radical changes such as the current pandemic open up new doors to innovation in daily business activities. Staying positive and being not afraid of changes can help entrepreneurs to keep their eyes wide open to capture these opportunities.

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