

Beyond the Initial Spark

How Entrepreneurial Optimism Unfolds Throughout the
Entrepreneurial Journey



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Title

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Abstract

Throughout history, the aspiration for wealth and success has been universal, further amplified by media portrayals that often glamorise entrepreneurial success. However, the reality of entrepreneurship frequently contrasts sharply with these optimistic depictions, highlighting a significant gap and underscoring the need for a nuanced exploration of entrepreneurial optimism (EO). This study explores how EO unfolds by identifying its inherent processes based on prior research and new insights. Utilising a qualitative method of nine semi-structured interviews, this thesis contributes to a research area previously dominated by quantitative methods (Rauch et al., 2014). A dynamic model was developed that integrates the aggregated dimensions of antecedents, external and internal influences, and the manifestations and outcomes of EO. The findings reveal that EO is shaped by twelve distinct yet interactive concepts within these aggregated dimensions. The model illustrates how EO evolves in an iterative process, highlighting its dual potential to both enhance and impair entrepreneurial performance. This study addresses gaps in the literature, which has focused on correlations within entrepreneurial optimism rather than its underlying meaning, and offers practical implications for managing EO. The thesis encourages future research in entrepreneurship and optimism to use qualitative methods, as these can contribute to a deeper understanding and often generate more fundamental theories (Van Burg et al., 2020). Consequently, this study provides a dynamic understanding of how EO unfolds, synthesised in a comprehensive integrative model.

Keywords

Entrepreneurial optimism, optimism, entrepreneurship

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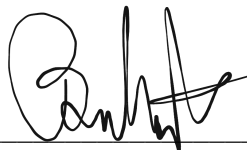
Families and friends

For believing in us and providing constant support and encouragement.

Ourselves

For evolving together.

Lund, 24th of May 2023



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Emelie Strid

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1 Introduction

Throughout history, the desire to achieve wealth and success has been a common goal, regardless of socioeconomic background (Wang et al. 2022). This aspiration has been further amplified with the rise of television and the digital era, where media often portrays a glamorous version of what it means to lead a happy and successful life, thus enhancing its appeal (Audretsch & Lehmann, 2023). In the film industry, movies that depict how money and power can transform the lives of their main characters have been admired. Examples include *The Wolf of Wall Street*, *The Social Network*, and *The Pursuit of Happiness*. These stories often leave viewers yearning for a similar lifestyle, wishing they were in the same situations. These optimistic portrayals, along with personal and environmental factors (Sesen, 2013; Thomas, 2018), inspire many to embark on the path of entrepreneurship. The attractive image of being self-employed, often associated with promises of wealth and power, portrays entrepreneurship as an easily attainable goal (Audretsch & Lehmann, 2023). Despite warnings about the hard work required for success, people tend to view this hard work as a certain route to success (Cooper et al. 1988).

However, the realities of an entrepreneurial career often differ significantly from the optimistic expectations commonly held. Research indicates that up to 90% of startups fail (Boso et al. 2019; Martinez et al. 2019; Shepherd et al. 2000; Forbes, 2015), and entrepreneurs earn, on average, 30% lower salaries than their non-entrepreneur counterparts (Hamilton, 2000). The gap between the positive portrayals of the entrepreneurial career and its often more challenging reality highlights the phenomenon of "entrepreneurial optimism" (EO), a specific form of optimism wherein entrepreneurs significantly overestimate their chances of success compared to their peers (Ucbasaran et al. 2007). This phenomenon is an extension of the general concept of optimism, which describes that individuals expect more positive outcomes than negative ones in life (e.g., Crane et al. 2012; Scheier & Carver, 1992).

EO has garnered considerable attention due to its impact on entrepreneurs (Forbes, 2005). On the positive side, high levels of optimism can enhance performance, drive harder work, and foster resilience, often leading to better entrepreneurial outcomes (Dushnitsky, 2010; Storey,

2011; Trevelyan, 2008; Busenitz & Barney, 1997; Taylor & Brown, 1988). It also motivates individuals to start businesses, often resulting in larger firms and increased job creation (Dawson & Henley, 2013; Crane & Crane, 2007; Baluku et al. 2016; Lindblom et al. 2020; Chen et al. 2013; Fraser & Greene, 2006). Conversely, excessive optimism can lead entrepreneurs to underestimate risks and overestimate success, causing poor planning, insufficient funding, and reduced venture performance (Cooper et al. 1988; Kannadhasan et al. 2014; Palich & Bagby, 1995; Gudmundsson & Lechner, 2013; Hmieleski & Baron, 2009). This over-optimism can delay necessary decisions to terminate failing ventures (Åstebro et al. 2007; Lowe & Ziedonis, 2006), highlighting the need for a balanced outlook in entrepreneurial endeavours.

The implications of EO extend beyond individual entrepreneurs and their ventures to broader societal levels. Entrepreneurship is an important driver of business creation and innovation, pivotal in job creation and economic growth (Anand et al., 2023; Sternberg & Wennekers, 2005). However, the inherent risks of EO, such as the overestimation of opportunities and underestimation of risks, can result in business failures (Boso et al., 2019), negatively affecting economic efficiency and community welfare (Coelho, 2010). This underscores the importance of a comprehensive understanding of EO to mitigate these risks effectively and prevent potential liabilities to society. By enhancing our understanding of EO, we can better support sustainable entrepreneurial practices that contribute positively to the economy and community well-being.

1.1 Research problem

While existing research has highlighted the effects of EO, there remains a significant gap in understanding its antecedents and the dynamic influences affecting its intensity throughout the entrepreneurial journey. Previous studies have identified early life experiences (e.g Bates, 2015; Heinonen et al. 2005; Heyman et al. 1992) and personal characteristics (Plomin et al. 1992; Mosing et al. 2009, 2010; Caprara et al. 2009) as EO antecedents. However, these studies often treat these antecedents as isolated, static factors, failing to capture their dynamic interplay and evolution over time. Additionally, the predominant focus on quantifying relationships and finding significance between different factors has led to an oversight of the complex dynamics of EO and the exploration of all potential antecedents.

Furthermore, research has shown that EO is influenced by life events and transitions (Carver et al. 2010; Dawson et al. 2014), social support (Abend & Williamson, 2002; Trunzo & Pinto, 2003), experiences of success and failure (Ucbasaran et al. 2010; Fraser & Greene, 2006; Carroll et al. 2006), and the perception of control (Klein & Helweg-Larsen, 2002). While these studies have noted the impact of these factors on EO, they have not delved deeper into why these influences matter or how they interact with the entrepreneur to contribute to mindset and behavior changes. Additionally, previous research has not taken an explorative viewpoint that would allow for the discovery of all potential factors influencing EO. This limited scope has resulted in an understanding of only a small portion of the dynamics of EO. By not adopting a broader, more explorative approach, current research has missed opportunities to uncover the full range of influences and interactions that shape EO over time.

Moreover, while previous research has demonstrated how EO impacts performance by driving efforts and increasing resilience (e.g., Busenitz & Barney, 1997; Dushnitsky, 2010) or negatively resulting in inadequate planning and underestimating risks (e.g., Cooper et al. 1988; Kannadhasan et al. 2014), it has not yet delved into the underlying factors contributing to these effects. Additionally, as with the antecedents and dynamics of EO, previous research has disregarded an open exploration of discovering more manifestations of EO and connecting them to their outcomes on entrepreneurial, venture, and societal levels. Consequently, while some research covers EO's antecedents, influences, and outcomes, there is a lack of a dynamic understanding of the phenomenon and a comprehensive and summarised overview of how it unfolds.

Given the significant presence of EO among entrepreneurs (Forbes, 2005; Fraser & Greene, 2006), and its substantial effects on venture success and failure and broader economic and societal impacts, understanding how EO unfolds is of great theoretical and practical interest. Despite its prevalence, existing research inadequately addresses the initial formation of EO, how it dynamically evolves over time, and how it leads to certain manifestations and outcomes. This thesis aims to fill these gaps by examining the antecedents shaping an entrepreneur's optimistic outlook and exploring how EO dynamically evolves throughout the entrepreneurial journey. This understanding is essential for discerning when optimism fosters entrepreneurial success and when it poses risks, thereby enabling more informed and strategic decision-making.

1.2 Research Purpose & Question

This study aims to explore the dynamics of entrepreneurial optimism (EO) by identifying its antecedents and examining the processes through which it unfolds throughout the entrepreneurial journey. The thesis seeks to provide comprehensive insights into this complex yet often overlooked phenomenon, enhancing our understanding of how EO unfolds, including its various antecedents, influencing factors, manifestations and outcomes. To fulfil this research purpose, the thesis addresses the following question:

How does entrepreneurial optimism unfold throughout the entrepreneurial journey?

To address the research question, the thesis will conduct ten semi-structured interviews with entrepreneurs in Sweden, each possessing varying years of experience. Adopting a constructivist interpretivist approach, the thesis encourages entrepreneurs to reflect on their experiences and insights. Building on previous research, the thesis employs an abductive approach to explore the antecedents, dynamics, and manifestations of EO. The study aims to develop an integrative conceptual model that provides an overview of these dimensions, illustrating their dynamic interrelations and further exploring each dimension's underlying factors to gain a clear understanding of how EO unfolds.

The aim for this thesis is to contribute to an overarching understanding of EO, filling the existing gaps in research, and benefiting multiple stakeholders. Entrepreneurs will gain insights to harness their optimism effectively, and educational institutions can prepare future entrepreneurs for the challenges of the business world. Enhancing our understanding of EO could lead to more sustainable and successful entrepreneurial endeavors, fostering an economic environment that encourages both innovation and strategic risk-taking. This thesis aims to inspire positive visions and resilience among entrepreneurs while ensuring strategic decision-making and risk management.

1.3 Research scope

This research focuses on opportunity-driven entrepreneurship, where individuals pursue entrepreneurial activities based on perceived achievable opportunities rather than necessity (Martínez-Cañas et al. 2023). This is particularly relevant in Sweden, with its extensive safety

net fostering opportunity-driven entrepreneurship. Furthermore, the study adopts a micro-level perspective, concentrating on individual entrepreneurs' journeys. By exploring the antecedents of optimism and its impact on their thoughts and behaviours, this research highlights how micro-level effects can influence broader meso- and macro-level outcomes. Although our findings do not delve into meso-level outcomes, the conceptual framework and model include them to underscore the importance of understanding EO at the micro level and its broader implications. This approach contributes to a more profound understanding of how EO unfolds across different levels.

1.4 Key Concepts

Table 1.1
Definitions of the thesis Key Concepts

Concept	Definition
<i>Optimism</i>	Optimism is defined as expecting good results; it involves believing that positive events are due to lasting, personal reasons, while negative events are seen as temporary and caused by external factors (Seligman, 1991).
<i>Entrepreneurial optimism</i>	Entrepreneurial optimism is the expectation among entrepreneurs that their ventures will succeed, despite potential risks and obstacles. This attribute drives positive perceptions and resilience in business activities (Hmieleski & Baron, 2009)

1.5 Disposition of the Thesis

Following the introduction (Chapter 1), the thesis progresses to the theoretical framework (Chapter 2), which synthesizes existing research on EO by identifying its antecedents, dynamics, manifestations and outcomes. The methodology section (Chapter 3) discusses the research methods, their rationale, and their impact on the framework. The findings are presented in three sections: antecedents of EO, influences on EO and manifestations of EO (Chapter 4). The discussion (Chapter 5), links the findings to the research question and literature, presents an integrative framework, clarifies theoretical and practical contributions, and provides suggestions for future research. The conclusion (Chapter 6) summarizes key findings, explicitly answering the research question and demonstrating that the study's purpose has been fulfilled.

2 Theoretical Framework

This chapter deepens our understanding of entrepreneurial optimism (EO) by reviewing existing research to answer the question - How does entrepreneurial optimism unfold throughout the entrepreneurial journey. We develop a comprehensive conceptual model to guide the thesis and, together with our findings, contribute to the final answer to the research question.

2.1 Entrepreneurship

To fully comprehend EO, it is essential to grasp the concept of entrepreneurship and the distinctive characteristics of entrepreneurs. Entrepreneurship is a dynamic process of creating and launching new businesses or ideas characterised by risk-taking and value creation (Mokaya et al. 2012). It is a pivotal force for economic growth, wealth creation, job creation, innovation, and stimulating competition (Anand et al. 2023), making it a subject of intensive study (Baron, 1998). Entrepreneurs distinguish themselves from self-employed individuals through significant market impacts (Landström, 2005). They prioritise innovation, growth, and profit (Carland, 1984), are comfortable with taking risks (McGee & Sawyerr, 2003), and rely on intuition and personal experience (Sarasvathy et al. 1998; Busenitz & Barney, 1997). They are proactive in identifying opportunities (Shane & Venkataraman, 2000) and driven by perseverance, self-efficacy (Markman et al. 2005), and a strong desire to succeed (Hatten, 1997).

2.2 Entrepreneurial Optimism

After mapping the foundations of entrepreneurship, the focus shifts to exploring the specific concept of EO. To understand EO, it is essential to examine the broader concept of optimism. Optimism is the belief in expecting more positive than negative life outcomes (e.g., Crane et al. 2012; Scheier & Carver, 1994), serving as a broad form of confidence that influences individuals' handling of life's challenges. Optimism is one of many cognitive biases, described as flawed processes of thinking that lead to systematic errors in judgments and

decisions (Thomas, 2018), significantly impacting individuals' perceptions and actions (Forbes, 2005).

Interestingly, optimism is significantly more prevalent in entrepreneurs than non-entrepreneurs (Forbes, 2005; Fraser & Greene, 2006), underscoring the importance of understanding this phenomenon. Entrepreneurs frequently perceive their chances of success as higher than others (Ucbasaran et al. 2007), further emphasising why the phenomenon has been coined "entrepreneurial euphoria" by Cooper et al. (1988). This over-representation of optimism may be connected to individuals with higher optimism naturally drawn to entrepreneurship (Dawson et al. 2014; Meza & Southey, 1996; Dushnitsky, 2010; Cassar, 2010). Given that over half of new ventures fail in their early years, it is understandable that individuals with above-average optimism typically choose to pursue entrepreneurship (Shane & Venkataraman, 2000).

Optimism is a key element of Psychological Capital, along with self-efficacy, hope, and resilience, providing a vital dimension to understanding entrepreneurship beyond human, economic, and social capital (Baluku et al. 2016). Grounded in Positive Organizational Behavior research (Luthans & Avolio, 2009), these pillars serve as intangible assets that enhance performance, resilience, and well-being, crucially shaping an entrepreneur's behaviour, motivation, and ability to tackle challenges, ultimately influencing success (Luthans et al. 2007; Youssef & Luthans, 2007).

Resilience emphasises recovery and adaptation in the face of adversity, focusing on overcoming challenges (Luthans et al. 2007; Youssef & Luthans, 2007). In contrast, Self-efficacy involves confidence in achieving specific tasks, focusing on personal capabilities rather than general positive outcomes (Bandura, 1977; Ozgen et al. 2021). Optimism uniquely contributes by enabling entrepreneurs to envision success, initiate actions, and navigate uncertainties, thus boosting confidence, resilience, and commitment, key factors in entrepreneurial success (Baluku et al. 2016; Luthans et al. 2007; Trevelyan, 2008). Hope is closest to optimism, which involves positive expectations and goal-oriented determination. However, hope focuses on individual strategies for achieving goals, whereas optimism also acknowledges the role of others and external factors in achieving positive outcomes (Magaletta & Oliver, 1999; Youssef & Luthans, 2007; Snyder et al. 2000; Ozgen et al. 2021).

2.3 Antecedents of Entrepreneurial Optimism

Given the higher prevalence of optimism among entrepreneurs compared to non-entrepreneurs and its significant impact on both the individual and their venture, it is crucial to investigate the antecedents of EO. Understanding the drivers of EO helps predict its manifestation and influence on entrepreneurial behavior. Research suggests that optimism exhibits a degree of stability over time (Atienza et al., 2004; Lucas et al., 1996; Matthews et al., 2004), potentially due to genetic factors (Mosing et al., 2009; Mosing et al., 2010; Caprara et al., 2009; Schulman et al., 1993; Yuh et al., 2010). Approximately 25 per cent of optimism is heritable (Plomin et al., 1992), indicating a biological component in the personal characteristics of entrepreneurs that influences their optimistic tendencies and entrepreneurial behaviour.

Optimism is found to be further influenced by an individual's upbringing and early experiences (Heinonen et al. 2005; Heinonen et al. 2006), including parental education, family socioeconomic status, and neighbourhood influences (Bates, 2015), teacher interactions (Heyman et al. 1992). These factors highlight how early life environments shape one's outlook and entrepreneurial inclination. However, optimism is also found to evolve through life experiences that foster mastery or helplessness, such as divorce, death in the family, or abuse (Peterson & Steen, 2002). Furthermore, optimism decreases with higher education levels (Forbes, 2005; Johansson, 2000), indicating that education might introduce more realistic perspectives, potentially tempering overly optimistic views. Nevertheless, these quantitative studies overlook the dynamic nature of EO, underscoring the necessity for qualitative and exploratory investigations to augment our comprehension of the origins of EO and thereby contribute to a more comprehensive understanding.

2.4 Dynamics of Entrepreneurial Optimism

Building on the understanding of EO's antecedents and recognising that optimism is dynamic rather than static, it is essential to explore how various influences cause it to fluctuate. For example, Jobin et al. (2014) observed higher levels of optimism among elderly research participants than younger ones. Similarly, Segerström (2007) tracked law students over a decade and found a consistent increase in optimism. These findings suggest that optimism grows as individuals gain life experience and perspective.

Furthermore, findings indicate that optimism changes during critical life transitions, as optimism is more shapeable when there is a break from prior experience, and outcomes become more uncertain (Carver et al. 2010). This might be connected to Klein and Helweg-Larsen's (2002) finding that optimism is reduced when individuals perceive no control over an event, as they cannot justify optimism without control over the outcome. This implies that an entrepreneur's sense of agency and ability to influence their venture's success is crucial in sustaining their optimistic outlook. When entrepreneurs feel in control, they are more likely to maintain a positive outlook, which can impact their ability to manage the uncertainties of the entrepreneurial journey. This is particularly relevant for individuals transitioning into self-employment. Dawson et al. (2014) confirm this finding by stating that optimism increases when people transition to self-employment, suggesting that becoming self-employed may nurture optimism.

Interestingly, there is considerable over-optimism among nascent entrepreneurs, who often overestimate the future success of their newly started businesses (Cassar, 2010). However, Fraser and Greene (2006) found that as entrepreneurs gain more experience, their levels of uncertainty decrease, leading to a reduction in optimism. This indicates that an individual's optimistic outlook is closely tied to the amount of information they possess. It aligns with findings that constraints on predictions, such as potential challenges to their estimates or receiving general statistics, tend to lower optimism (Carroll et al. 2006; Rothman et al. 1996). As they become more acquainted with the entrepreneurial career, their initial high levels of optimism may taper off. Moreover, Hmieleski and Baron (2009) discovered that experience enhances the negative influence of over-optimism and that the negative relationship between entrepreneurs' optimism and the performance of their new ventures is stronger for experienced entrepreneurs than for inexperienced ones, indicating that experience brings a more realistic perspective and tempers overly optimistic expectations.

Closely related to experience is the profound effects of prior outcomes on optimism. Research shows that having previous experience with an event diminishes unrealistic optimism (Carroll et al. 2006; Rothman et al. 1996) and that people who have previously encountered a negative outcome are more cautious about avoiding it (Helweg-Larsen & Shepperd, 2001). This is reinforced by Chambers et al. (200), stating that frequent negative

events lower optimism, similar to challenges (Sweeny et al. 2006). Ucbasaran et al. (2010) revealed that individuals who have experienced business failures tend to exhibit greater caution, primarily if they have owned multiple businesses. Conversely, repeated success can reinforce and increase optimism. However, this goes both ways, as Forbes (2005) demonstrated that earlier success in an individual's life contributes to increased optimism. This is supported by the finding that entrepreneurs tend to firmly adhere to their pre-existing beliefs and maintain stable performance expectations despite ongoing market signals and updates about market changes (Parker, 2006). Consequently, past failures and successes are shown to shape an entrepreneur's optimism, influencing their expectations and decision-making processes.

Furthermore, studies have shown that individuals with strong social support networks tend to have higher levels of optimism. Abend and Williamson (2002) and Trunzo and Pinto (2003) highlighted social support's positive impact on maintaining a positive outlook. This underscores the importance of a supportive environment in fostering and sustaining EO. Entrepreneurs with strong social networks may find it easier to stay optimistic in facing challenges, as they can rely on their support systems for encouragement and resources.

Overall, EO is shaped by life experiences, perceived control, past outcomes, and social support. These factors collectively enable, sustain, or diminish EO, leading to specific manifestations and outcomes, which will be explored in the following section. While current studies acknowledge these factors, they often overlook why these influences matter or how they interact with entrepreneurs to shape mindset and behaviour changes. Without an exploratory and qualitative approach, the full spectrum of influences on EO remains undiscovered. Embracing a broader, more explorative methodology could unveil the complete range of factors shaping EO over time.

2.5 Manifestations & Outcomes of Entrepreneurial Optimism

Understanding the antecedents and dynamics of EO leads us to explore how it manifests and impacts entrepreneurial outcomes, demonstrating both positive and negative effects. On the positive side, individuals who maintain focus and energy toward their goals often achieve greater success. Entrepreneurs who stay optimistic about their business prospects are more prone to reach their objectives and enthusiastically tackle challenges (Dushnitsky, 2010;

Storey, 2011; Trevelyan, 2008). This optimism also strengthens their resilience when facing obstacles (Busenitz & Barney, 1997; Trevelyan, 2008; Taylor & Brown, 1988), fostering persistence and confidence even when progress is slow or difficult (Carver et al. 2010). Additionally, optimism is crucial in encouraging individuals to start businesses (Dawson & Henley, 2013), which correlates positively with larger firm sizes, leading to more job creation and growth opportunities (Fraser & Greene, 2006).

Furthermore, optimistic entrepreneurs tend to outperform their pessimistic counterparts (Crane & Crane, 2007; Baluku et al. 2016; Lindblom et al. 2020; Chen et al. 2013). This success may be attributed to the increased effort optimists put into achieving their goals (Luthans & Youssef, 2004; Luthans et al. 2007). On the contrary, overly pessimistic entrepreneurs often focus excessively on short-term problems, making them less likely to persevere through the initial challenges of running a business (Cooper et al. 1988). This highlights the importance of a balanced outlook for sustained entrepreneurial success.

However, research has revealed downsides to high levels of optimism. Optimistic entrepreneurs are prone to underestimating the risks associated with creating new ventures (Kannadhasan et al. 2014), overvaluing their identified opportunities (Palich & Bagby, 1995), and overestimating their likelihood of success (Cooper et al. 1988). They may need to make decisions hastily and invest more in less promising opportunities (Hayward et al. 2006). Additionally, optimism can lead to excessive business entry, making entrepreneurs overly confident in their skills (Camerer & Lovallo, 1999) despite a high likelihood of failure (Hayward et al. 2006).

Overly optimistic entrepreneurs might not fully recognise their ventures' potential challenges, resulting in insufficient planning. This lack of foresight could manifest in several ways, such as failing to secure enough funding, neglecting alternative income sources, not establishing lines of credit, or inadequately allocating resources for marketing efforts (Cooper et al. 1988). Moreover, optimism fosters persistence despite losses and high risk (Gibson & Sanbonmatsu, 2004), hinders recognition of unattainable goals (Wrosch et al. 2003), causes goal conflict by excessively allocating resources (Segerstrom & Nes, 2006), and leads to overlooking potential threats (Carver et al. 2020). Consequently, these pitfalls can negatively impact

venture performance by reducing revenue and employment growth (Gudmundsson & Lechner, 2013; Hmieleski & Baron, 2009; Lowe & Ziedonis, 2006).

Another consequence of excessive optimism is its impact on decision-making regarding failing ventures. Optimism can delay entrepreneurs' decisions to close down ventures that are in dangerous positions (Åstebro et al. 2007; Lowe & Ziedonis, 2006). Conversely, it can also lead entrepreneurs to exit their businesses prematurely, decreasing the overall chance of business survival (Dawson & Henley, 2013). This might be connected to Fraser and Greene's (2006) finding that entrepreneurs with initial over-optimism often confront a less optimistic reality, potentially leading to business decline or exit. Additionally, self-employed individuals who are more optimistic than average tend to earn about 30% less than those who are less optimistic (De Meza et al. 2019). Less optimistic entrepreneurs often earn more than their optimistic counterparts (Dawson et al. 2014). These findings challenge the conventional belief that optimism benefits entrepreneurship, indicating that optimism's role is more nuanced and complex.

Despite the risks of unrealistic optimism, a positive self-view is often associated with better mental health outcomes (Taylor & Brown, 1988). Optimism, especially in challenging situations, aids entrepreneurs in coping with stress and adversity. This suggests that while over-optimism can harm business outcomes, it can also contribute to better mental health and resilience in entrepreneurs. Moreover, their initial optimism interacts with real-world experiences as entrepreneurs advance, shaping their expectations and overall contentment with their entrepreneurial ventures (Cooper & Artz, 1995).

Ultimately, researchers hold varying perspectives on whether optimism positively or negatively affects entrepreneurship, yet they agree on its positive impact on mindset. This highlights the importance of adopting a balanced approach to EO. To comprehensively grasp the dynamics of EO, research must delve deeper and embrace a qualitative and exploratory approach, uncovering additional manifestations and outcomes.

2.6 A Deeper Understanding of Entrepreneurial Optimism

While an overview of optimism's antecedents, dynamics, manifestations, and outcomes has been established, an in-depth understanding of the mechanisms driving EO is still lacking.

To understand how optimism influences entrepreneurial mindset and behaviour, delving into the Self-Regulation Model and the Expectancy-Value Theory is essential. These theories provide a framework for understanding how optimism translates into action and goal achievement (Carver & Scheier, 2001).

The Expectancy-Value Theory posits that an individual's motivation to achieve a goal is influenced by the value they place on the goal and their expectation of success. Optimism enhances these expectations, driving individuals to set ambitious goals and persist in their efforts. The more significant the goal and the higher the expectation of success, the more motivated an individual is to pursue it (Carver & Scheier, 2001). The Self-Regulation Model describes how individuals control their thoughts, emotions, and behaviours to achieve their goals through a constant feedback loop. Optimism impacts this loop, as optimists tend to be more positive when evaluating their progress. When faced with discrepancies between their current state and goals, optimists are more likely to employ strategies to reduce these discrepancies, actively seeking solutions to maintain progress. Consequently, optimism contributes to greater resilience and adaptability. Optimists use negative assessments to adjust their strategies and continue working toward their goals, enhancing their ability to navigate the uncertainties of the entrepreneurial journey (Carver & Scheier, 2001).

The interaction between these theories shows how optimism motivates individuals to pursue goals and helps them manage their actions and persist through challenges. Without sufficient optimism, individuals may easily give up. However, optimistic individuals who abandon a goal are better at redirecting their efforts toward other achievable goals. Optimism fosters a positive expectancy that propels individuals toward their goals, helps them navigate setbacks, and supports emotional well-being. Those with high confidence and optimism are more likely to persevere through challenges, maintaining their optimism over time. This integrated approach highlights the crucial role of optimism in motivating individuals and helping them achieve their goals (Carver & Scheier, 2001).

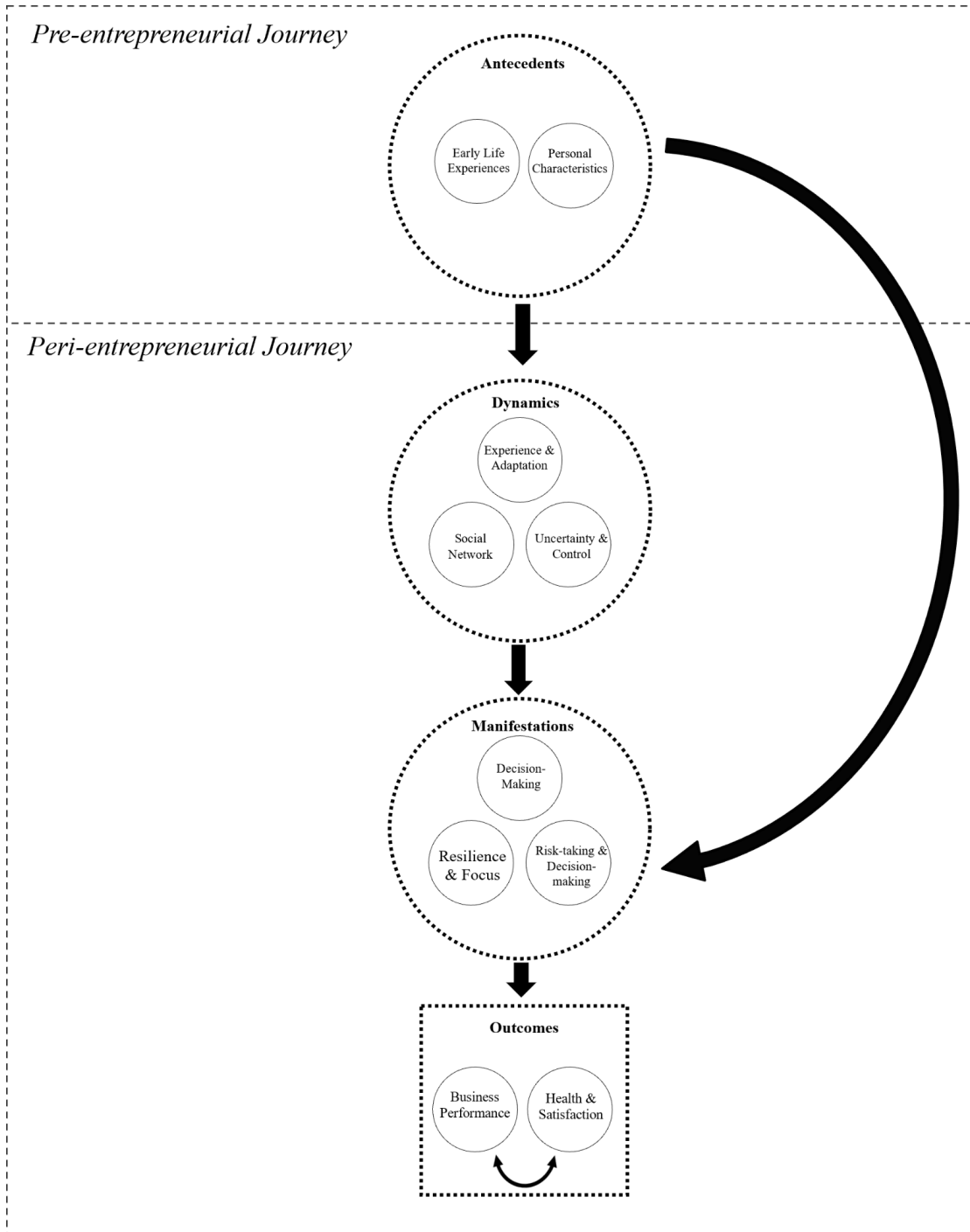
2.7 Tentative conceptual framework

Drawing from extensive research on EO, the tentative conceptual model integrates various theoretical perspectives and empirical findings to clarify EO's antecedents, dynamics,

manifestations, and outcomes (see Figure 2.1). By consolidating these insights, we aim to enhance our understanding of how EO unfolds and influences the entrepreneurial journey.

Figure 2.1

Tentative conceptual model of how entrepreneurial optimism unfolds



Notes: Since this thesis does not examine outcomes due to our micro-level focus, it is important to highlight that they are inherently included in the process of optimism, thus represented by a square.

In the pre-entrepreneurial journey, the **antecedents** of EO include early life experiences (Bates, 2015; Heinonen et al. 2005, 2006; Heyman et al. 1992) and personal characteristics (Plomin et al. 1992; Mosing et al. 2009, 2010; Caprara et al. 2009). This initial optimism follows individuals into their peri-entrepreneurial journey, where several factors influence the **dynamics** of EO. These factors include experience and adaptation (Cassar, 2010; Fraser & Greene, 2006), social networks (Abend & Williamson, 2002; Trunzo & Pinto, 2003), and perceived uncertainty and control (Klein & Helweg-Larsen, 2002; Carver et al. 2010; Dawson et al. 2014).

The EO shaped through these antecedents and dynamics leads to various **manifestations**, such as decision-making (Ucbasaran et al. 2007; Palich & Bagby, 1995; Kannadhasan et al. 2014; Hayward et al. 2006), resilience and focus (Busenitz & Barney, 1997; Taylor & Brown, 1988), and motivation and confidence (Luthans et al. 2007; Trevelyan, 2008). These manifestations of EO eventually result in **outcomes** that impact business performance (Crane & Crane, 2007; Baluku et al. 2016; Åstebro et al. 2007; Dawson & Henley, 2013; De Meza et al. 2019) and health and satisfaction (Taylor & Brown, 1988; Cooper & Artz, 1995).

This model is grounded in the Expectancy-Value Theory and the Self-Regulation Model, demonstrating how optimism drives goal pursuit and persistence through challenges (Carver & Scheier, 2001). Understanding these dynamics enables the development of strategies to cultivate and leverage optimism, ultimately enhancing both business performance and personal well-being.

3 Methodology

This chapter will discuss the research methods, explaining their rationale and impact on the framework. It will start by justifying the research philosophy, based on constructivist ontology, interpretivist epistemology, and the abductive research approach. The chapter will then cover the research methodology, including methods and participant selection, detail the data collection and analysis techniques, and conclude with the limitations and ethical considerations of the methodology.

3.1 Research Philosophy & Approach

To investigate how EO unfolds, the thesis will apply the ontology of constructivism and epistemology of interpretivism, a decision grounded in their alignment with the dynamic and subjective nature of EO. Constructivism, which views learning and understanding as active processes shaped by interaction with the environment and prior experiences (Saunders, 1992), is ideal for exploring how entrepreneurs' perceptions of optimism evolve due to its subjective nature.

Interpretivism further enhances this perspective, emphasising the importance of subjective interpretation and social context in shaping reality (Saunders et al. 2012; 2019). Furthermore, due to the dominance of positivism and quantitative measures in entrepreneurship research (Rajasinghe et al., 2021; Coelho et al., 2018), this thesis uses a qualitative, interpretive approach for deeper insights into the subjective nature of optimism (Packard, 2017). By integrating these philosophies, the research acknowledges that EO is not a static trait but a dynamic construct influenced by personal experiences, social interactions, and cultural contexts. As detailed in subsequent chapters, the constructivist and interpretive research approaches will guide the research approach, methodology, data collection, and analysis.

This thesis adopts an exploratory abductive approach to better understand EO and its dynamics. The exploratory approach is usually ideal for under-researched phenomena,

allowing for flexibility and openness to new findings (Saunders et al. 2012). Abductive reasoning provides a dynamic interplay between existing theories and new data, refining the theoretical framework based on emerging insights (Saunders et al., 2019). This combined approach addresses the limitations of deductive rigidity (Overmars et al., 2007) and inductive overgeneralisation (Mitchell, 2018), offering a comprehensive understanding of EO. It captures nuances and complexities, addresses gaps in the literature, and provides detailed participant perspectives, ensuring a robust exploration of how EO unfolds and its implications for entrepreneurial success.

3.2 Research Method & Participant Selection

The study aims to map how EO unfolds using previous research on various antecedents, influencing factors, manifestations, and outcomes through a new integrative conceptual model due to the limited and dispersed data. A qualitative research method is deemed most appropriate (Tenny et al., 2022). More specifically, interviews will be utilised to address how EO unfolds, as they are well-suited for exploring intangible aspects such as "how" and "why" (Tenny et al., 2022). Additionally, the design of interviews allows for a flexible and emergent adaptive approach during the research process in response to emerging findings of EO (Öhman, 2005). This adaptability is essential when posed open-ended questions, as interviewees' perspectives on EO may vary. Furthermore, the iterative nature of interviews, aligns with the thesis's abductive reasoning and interpretive approach (Saunders et al. 2012; Öhman, 2005)

However, most research on evidence-based entrepreneurship incorporates quantitative methodologies (Rauch et al. 2014). According to Rauch et al. (2014), this is unfortunate, as qualitative studies uniquely focus on distinct phenomena within specific contexts and timeframes, facilitating the generation and testing of new theories. Furthermore, qualitative research has proven immensely valuable in developing some of the most fundamental theories within entrepreneurship (Van Burg et al. 2020). Hence, a qualitative approach is deemed most appropriate for achieving empirical saturation and enriching this research area, which is predominantly dominated by quantitative methods.

This empirical saturation was defined using a theoretical sampling approach to identify participants based on three criteria: (1) entrepreneurs with one or more established businesses

in Sweden, (2) a focus on opportunity-driven entrepreneurs, and (3) at least three years of entrepreneurial experience. Participants were chosen from established businesses in Sweden to ensure consistency in national infrastructure, influencing entrepreneurial opportunities and optimism (GEM Global Entrepreneurship Monitor, 2022). Additionally, the study focused on opportunity-driven entrepreneurs, motivated by market opportunities rather than necessity, as they are more prone to pursue innovation and growth (Martínez-Cañas et al., 2023; Fairlie & Fossen, 2017). This selection aimed to understand how EO unfolds, manifests and is influenced across different sectors, ensuring the findings are generalisable and not biased towards a specific industry. While age can influence the development of EO (Jobin et al., 2013; Segerström, 2007), it was not a primary selection criterion. Instead, participants were selected based on having at least three years of entrepreneurial experience, more specifically, having at least one registered business for a minimum of three years, to provide a benchmark for their entrepreneurial experience. By including entrepreneurs with varying experience, the research captures a comprehensive picture of EO across different contexts and stages of business maturity.

3.3 Data Collection

The study employed ten semi-structured interviews, which varied in duration from 30 minutes to 1 hour and 43 minutes, as outlined in Table 3.1. The variation in interview length is due to the nature of semi-structured interviews and the interviewees' time availability. Semi-structured interviews balance structured and flexible questioning, allowing for in-depth exploration of areas of interest while maintaining structure through predefined questions and topics (Mashuri et al. 2022). This flexible format enabled deeper insights that might have been obscured in more rigidly structured approaches (Hartas, 2013). Consequently, they offer a comprehensive exploration of the research phenomena from the interviewees' perspectives (Wilson, 2014), potentially revealing previously unrecognised issues of how EO unfolds during the entrepreneurial journey.

The semi-structured interviews were conducted digitally and through physical meetings at locations preferred by the interviewees to ensure flexibility, convenience, and comfort. Additionally, the interviews were conducted in either Swedish or English, depending on the interviewees' preferences. Before each interview, a Non-Disclosure and Consent Agreement was sent out for signatures, ensuring confidentiality and anonymity (Appendix B). This

agreement assured participants that their identities would remain anonymous and their responses confidential, encouraging them to be open and share their honest perspectives and experiences. The interviewees did not receive the questions in advance, as the research focused on spontaneous emotional reflections that could offer unpremeditated insights, thus limiting social desirability bias (Bergen & Labonté, 2020). The interview guide was developed based on the theoretical framework and organized into thematic areas (Appendix A). It was also designed to allow for exploratory purposes, facilitating the discovery of valuable insights beyond the predefined framework.

Both authors were present during all interviews to avoid researcher biases, alternating between questioning and observing expressions, which helped capture non-verbal cues not distinguishable through transcription alone. This maintained a consistent structure across all interviews. Following each session, both authors analyzed the collected data to refine the approach for subsequent interviews through an iterative process, identifying "key" questions and prioritising them as time constraints arose. This process resulted in ten interviews encompassing a combined duration of 11,3 hours and producing 163 transcription pages. The study's sample size was determined based on the saturation principle, indicating that no new insights for developing the conceptual framework were generated after including ten interviewees, as informational redundancy was reached (Saunders et al. 2018; Given, 2008).

Table 3.1
Overview of Participants

Participant	Age	Gender	Nationality	Role	Industry	Years as an entrepreneur	Minutes interview	Note
1	39	Male	Swedish	Founder	Logistics	8-9	30	
2	29	Male	Swedish	Founder	Health/automobile	6	55	
3	38	Male	Swedish	Founder	IT	20-30	103	
4	26	Male	Swedish/Iraq	Founder	Tech/AI	4-8	65	
5	36	Male	Dutch	Founder	Tourism	4 (childhood)	87	
6	42	Male	Swedish	Founder	Media	14	70	
7	52	Male	Swedish	Founder	Tech/AI	8 (youth)	45	
8	46	Male	Swedish	Founder	Tech	18	51	

9	44	Male	Swedish	Founder	Healthcare	7	90	
10	60	Female		Founder	Architecture	4	75	Removed
Total time							679 min	(-75)

Notes: The sole female participant was categorized as a necessity-driven entrepreneur and thus excluded, as the study focused on opportunity-driven entrepreneurs.

3.4 Data Analysis

3.4.1 The Gioia Methodology

The data collected from the nine interviews was analysed using the Gioia method, which is particularly suited for developing new concepts and theories from qualitative data through a systematic approach (Magnani & Gioia, 2022; Gioia et al. 2013). This method is relevant to our study as it focuses on micro-level entrepreneurship, where individual experiences and perspectives are complex and multifaceted. By systematically reducing, theorising, and sorting the data, the Gioia methodology enables us to extract themes and patterns that describe how optimism unfolds throughout the entrepreneurial journey (Magnani & Gioia, 2022; Gioia et al. 2013). Furthermore, the choice of the Gioia methodology is justified by its established track record in entrepreneurial research contexts. It has been successfully applied in prior studies focusing on the psychological aspects of entrepreneurship, such as entrepreneurial energy and resilience (Yeshe et al. 2022; Aishwarya Kakatkar et al. 2024). Additionally, the iterative characteristics of the Gioia method allow for concurrent review and modifications in the interview questions (Magnani & Gioia, 2022). This iterative nature ensures that our study remains responsive and flexible to the data, enhancing the depth and relevance of our findings. Consequently, four aggregated dimensions emerged: Antecedents, External Influences, Internal influences, and Manifestations of EO.

3.4.2 First-order Concepts

Initially, preliminary codes were generated from an AI tool based on the data collection transcription to quickly grasp the content and identify early patterns, providing unbiased guidance. Subsequently, manual coding commenced, as the AI-tool coding was only considered somewhat reliable, to delve deeper into the interviews and derive first-order concepts based on the entrepreneurs' own words rather than the authors' interpretations (Gioia

et al. 2013). The authors identified factors influencing optimism and its development, generating many first-order concepts. These first-order concepts were continuously categorized into colour-coded emerging initial concepts through the iterative process (Magnani & Gioia, 2022). Both authors conducted the coding separately and then reviewed each other's codings, evaluating them based on their relevance to the research area and frequency of occurrence. Consequently, the researchers collectively arrived at 47 first-order concepts in consensus.

3.4.3 Second-order Themes

In the next stage, the first-order concepts were aggregated based on differences and similarities to form second-order concepts. From these first-order concepts, it was evident that initial factors before the entrepreneurial journey influenced the entrepreneur's level of optimism, such as *Upbringing and Characteristics*, *Internal Drivers*, and *Inspirational Influences*. However, through further iterative processes and analyses, factors emerged that affected optimism in later stages: *Social Modifiers*, *Feeling of Security and Risk*, *Influential Events*, *Optimism Enablers and Sustainers*, *Optimism Diminishers*, and *Experience and Adaptation*. Subsequently, the final second-order theme was identified regarding what optimism culminates in and how it manifests: *Persistence and Resilience*, *Visionary Thinking & Drive*, and *Risk Taking & Decision Making*. Consequently, twelve second-order themes were shaped based on the associations among the first-order concepts. As some of these concepts had not been previously addressed in the literature, further pertinent literature was incorporated. The inherent iterative process of abduction facilitated this integration.

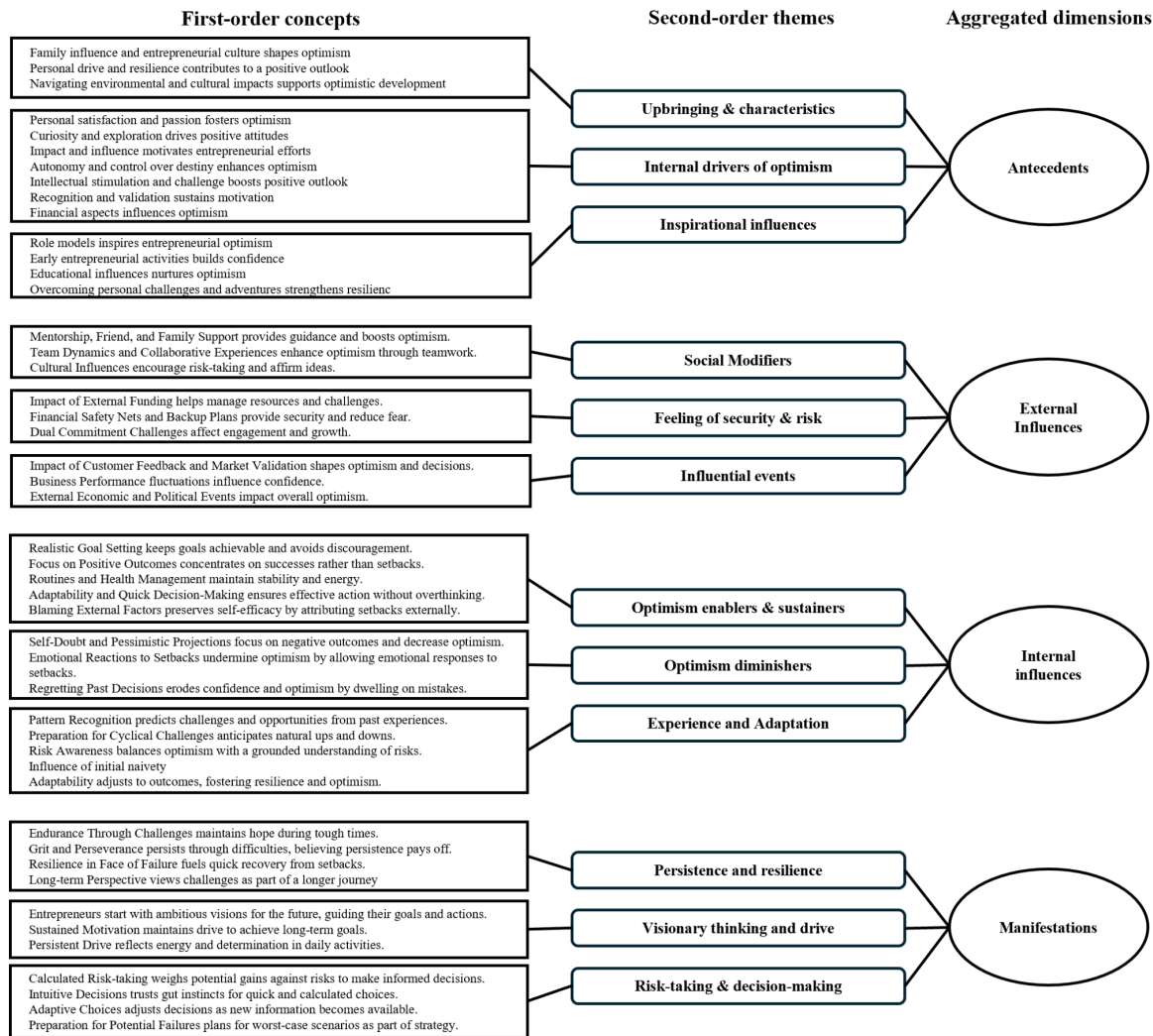
3.4.4 Developing a Theoretical Framework

The second-order concepts were further grouped into aggregated dimensions in the final stage. The categorization of the second-order concepts was initially aggregated into three dimensions: antecedents, referring to the pre-phase; enablers and diminishers, and manifestations of EO, referring to the peri-phase. However, it was discovered that the peri-phase could be further divided into two sub-phases: external and internal optimism enablers and diminishers. This division play critical role, as the aggregated dimension of manifestations of EO affects the internal optimism influencers but not the external ones. Consequently, it became necessary to create four aggregated dimensions to demonstrate the iterative conceptual model. This led to a further iterative process where both the first-order

and second-order concepts were reviewed again to align with the finalised aggregated dimensions. Consequently, a integrative conceptual model was formed based on the insights from the iterated process, as illustrated in Figure 3.1.

Figure 3.1

The Gioia Methodology



3.5 Limitations

A primary limitation of this method concerns the gender distribution of our interviewees, which consisted of nine men and one woman. This composition resulted in a lack of female perspectives on EO. The selection of interviewees was not based on gender; invitations were sent to 49 entrepreneurs of mixed genders. However, only one woman among all invitees was available and willing to participate. Of these 49 entrepreneurs, only 15 were women, which may reflect the male dominance in the entrepreneurial sector (GEM Global Entrepreneurship

Monitor, 2023). This male predominance is often attributed to a lower propensity for risk among women (Dawson, 2023), which may also be mirrored in this study's data collection. Additionally, the sole female participant was categorised as a necessity-driven entrepreneur and thus excluded, as the study focused on opportunity-driven entrepreneurs. Consequently, this could further limit the outcomes of data collection. However, distinguishing between these categories was only possible post-interview, which precluded any preliminary adjustments in the study's design.

Lastly, considering that interpretivism is the study's foundation, the subjective interpretation of data by the researchers can be a limitation. The researchers' understanding of interviewees' responses, preconceptions, and biases can influence the analysis and conclusions. The epistemological approach of interpretivism inherently involves personal judgment, as it seeks to understand perspectives (Saunders et al. 2012), which can be perceived as a lack of objectivity. On the other hand, subjectivity is mitigated through several techniques, including using non-leading questions, withholding details about the research purpose and conducting analyses of each interview with both authors present. However, complete objectivity cannot be achieved with an interpretive stance, as this approach assumes that reality is subjective (Saunders et al. 2012).

3.6 Ethical Considerations

All interviewee information was treated confidentially to protect participants' privacy and maintain data integrity (Bell et al. 2019). A non-disclosure and consent agreement was implemented, wherein the authors pledged not to disclose confidential information (Appendix B). This agreement assured participants that their identities would remain anonymous and their responses confidential, encouraging openness and honesty (Bell et al. 2019). Each participant's data was anonymized by removing personal identifiers and replacing them with unique codes used throughout the research process. Verbal consent was obtained at the beginning of each interview to confirm the participant's willingness to participate and agreement to the recording and transcription of the interview. The research subject was deemed non-sensitive, and no additional measures were required.

4 Findings and Analysis

*This chapter will explore the insights revealed through interviews with ten entrepreneurs. To concisely address the research question, "How does entrepreneurial optimism unfold throughout the entrepreneurial journey?" we have organized our findings into four principal aggregated dimensions that mirror the research question: (1) **Antecedents** of Entrepreneurial Optimism, (2) **External influences** of Entrepreneurial Optimism (3) **Internal influences** of Entrepreneurial Optimism, and (4) **Manifestations** of Entrepreneurial Optimism. Each dimension comprises three second-order themes derived from carefully composed first-order concepts based on a detailed analysis. Our structured approach aims to provide a clear and comprehensive understanding of the intricate dynamics of EO.*

4.1 Antecedents of Entrepreneurial Optimism

This section explores the antecedents of EO. Through the analysis, three key second-order themes have been identified that shape EO: (1) Upbringing and Characteristics, (2) Internal Drivers, and (3) Inspirational Influences. These themes provide a comprehensive framework for understanding the factors that contribute to the development of EO (See Appendix C.1 for more example quotes).

4.1.1 Upbringing & Personal Characteristic

Our findings indicate that **family influences and entrepreneurial culture** play a crucial role in shaping an entrepreneur's optimistic outlook. All interviewed entrepreneurs come from families with a history of business ventures, highlighting how growing up in such an environment naturally leads them to consider entrepreneurship as a viable path. For instance, Interviewee 1 shared, "*My father has started his own business too, [...] maybe that has contributed in some way*". Furthermore, we found that **personal characteristics**, such as drive and resilience, significantly contribute to an entrepreneur's optimistic approach. Interviewees often describe these traits as innate or genetically influenced, providing the strength needed to overcome challenges. Interviewee 8 concisely emphasized this point: "*I just have it in me, [...] I don't give up. I think it's something that's built into some people [...], and I don't see the problems as that big either*". Interviewee 5 further emphasizes this: "*I*

think it's inherent. I've never seen it any different. It's the same for my family. My dad can't stop working either" (Interview 5). Additionally, the analysis revealed that **environmental and cultural impacts** are crucial for shaping EO. Supportive and risk-tolerant environments, like Sweden, encourage individuals to pursue entrepreneurial ventures. For example, Interviewee 4 noted, "*[...] it's also due to the fact that I'm here in Sweden, and here you can take risks"*.

4.1.2 Internal drivers

The analysis further revealed that EO also stems from the internal drivers of the entrepreneurs. Entrepreneurs consistently express deep **personal satisfaction and passion** for their endeavors, driven by a genuine interest and passion for their work, significantly contributing to their optimistic outlook. For example, interviewee 3 remarked, "*It's really fun. It drives you forward all the time [...] It's curiosity and challenge. Every day"*. **Curiosity and exploration** also emerge as key drivers, with entrepreneurs eager to pursue new ideas and solutions. This is exemplified by a quote: "*I am driven to learn new things and solve problems that others have not managed to solve"* (interviewee 3). The **drive to impact and make a difference** is equally influential, with Interviewee 5 stating, "*I see that there's power in entrepreneurship and tourism to change the world"*. Furthermore, we also found that the thrill of **Intellectual Stimulation and Challenge** also contributes to EO, as the entrepreneurs described how they thrived on solving complex problems and thinking creatively. It indicates that the satisfaction from overcoming obstacles and achieving innovative solutions fuels their positive outlook, as another entrepreneur pointed out: "*It must be some new problem to solve... It is death for me to do the same thing [as the day before]"* (interviewee 8). **Autonomy and control** over one's destiny are found to be crucial for maintaining an optimistic stance. An entrepreneur highlighted this by saying, "*it's about the freedom"* (Interviewee 6). Another finding is that the **need for recognition and validation** also plays a role in sustaining optimism. This need is articulated by interviewee 3, who confessed, "*In the end, it's something quite bad... It's about me wanting validation"*. Lastly, while not the primary antecedent of entrepreneurial optimism, we have found that **financial considerations** influence optimism, particularly the potential for financial success, which interviewee 8 described: "*There are people who make a lot of money at large companies and have a really boring time [...]"*.

4.1.3 Inspirational influences

The analysis also reveals how EO traces back to different inspirational influences. For instance, the interviewees discussed the impact of **role models**, such as the early influence of figures like Bill Gates, whose stories instilled a sense of possibility and ambition. For instance, interviewee 1 reminisced, *"I read Bill Gates' first biography, 'The Road Ahead', early on when I was little, and I thought it was really cool"* (Interviewee 1), highlighting how such figures ignite initial entrepreneurial aspirations and optimism. Moreover, our findings also reveals that engaging in **entrepreneurial activities** from a young age lays a practical foundation for optimism by demonstrating the potential rewards of creativity and initiative. Interviewee 3 described these experiences: *"So already in school [...] I used to go to Denmark and buy these things called "häxehyll" (witch's shout), [...], they were cheap in Denmark, so I sold them at school from my locker"*. Furthermore, **Educational influences** are also found to shape entrepreneurial perspectives, providing the tools and knowledge necessary to envision and tackle complex challenges. For example, lessons learned by Interviewee 1 while studying at institutions like Chalmers are instrumental in developing a strategic and optimistic outlook: *"When we studied at the e-school at Chalmers, we had to learn how to design hockey stick graphs"*. Lastly, **Personal challenges and adventures** were also found to be inspirational influences of EO. Overcoming significant obstacles instils lasting resilience and confidence, crucial for entrepreneurial success, such as described by Interviewee 1: *"When I was younger, I cycled from Sweden to South Africa and also cycled across the USA. [...] such experiences have influenced who I am as a person and that I am more resilient"*.

4.2 External Influences

Following our exploration of the antecedents of EO, our focus now shifts to the external factors that enable, sustain, or diminish it. Through the analysis, three key second-order themes have been identified that influence EO: (1) Social Modifiers, (2) Sense of Security and Risk, and (3) Influential Events (See Appendix C.2 for more example quotes).

4.2.1 Social Modifiers

Our findings indicate that **social support**, including mentorship, friends, and family, is crucial in influencing entrepreneurial optimism (EO). Entrepreneurs often highlight the boost

in optimism from guidance and emotional support (Interviewee 1: *"It's often people close to me who are more encouraging and highlight the good things that I myself don't think about"*). However, negative external perceptions can diminish EO (Interviewee 3: *"[...] And then I get a lot of judgmental looks from the outside, [...] it looks like a failure"*). Furthermore, our findings further indicate that **team dynamics and collaborative experiences** influence optimism. Collaborative efforts in managing risks and challenges enhance confidence: (Interviewee 6: *"It gives a bit of extra confidence when you haven't done this before, that there are a few of us together who can share the burden, share the joy, but also share the risks. So that was definitely a bit of an extra push. I don't think I would have done it if I had been completely alone"*). Conversely, team conflicts can reduce optimism: (Interviewee 4: *"my co-founder is extremely defensive and restrictive. The combination of us both is actually what has set our company forward"*). Additionally, our findings also indicate **cultural influences** as another influencer of EO, where encouragement and validation within their cultural context can inspire innovation: (Interviewee 6: *"So there is a lot of encouragement from your environment. [...] but I was fortunate [...] to be surrounded by Americans who were all about "go, go, go"*). Positive cultural infrastructure also contributes: (Interviewee 4: *"It's so beautiful that we have those kind of resources here. I don't think they exist in many places in the world. So we're quite lucky"*). However, cultural contexts can sometimes diminish EO: *"[...]But here in Sweden, the differences between Sweden and Middle East, for instance, is the fact that they will listen to you even if you are a little boy. [...] If I were in Iraq, they would slap me. They would say, come on when you're 43 and then we can talk"* (Interviewee 4).

4.2.2 Feeling of security and risk

In addition to social modifiers, EO appears contingent upon the feeling of security and risk. Our findings indicate that the **impact of external funding** increase EO when funds are secured for the future, since it means an economical security (Interviewee 8: *"It's when you manage to convince someone to invest 200 million kronor in your product. And then you get to build it and it becomes a reality. Those moments are... You have your own life-defining moments and memories"*). Our findings further suggests the importance of **financial safety nets and backup plans**, in mitigating the fear of failure, thus fostering optimism among entrepreneurs. The interviewees noted the importance of having financial safeguards and a security buffer, such as insurance and financial family support, which consequently lead to a

more optimistic outlook for entrepreneurs. (Interviewee 2: *"What's the worst that could happen? The company goes bankrupt. What happens then? I have business insurances that I've signed up for. [...]"*). This is further emphasised by interviewee 3: *"And we can have a very relaxed attitude about it today, simply because we have the money now"*). Lastly, our findings suggest that **dual commitment challenges**, meaning being an employee on the side of the entrepreneurial activities, influence optimism. This split focus often leads to reduced engagement with their ventures, negatively impacting their optimism and potential for success. As Interviewee 3 remarked, *"Working a job 80% and running my business 20% means I can't give all my focus to the business, diminishing my chances of success"*. The necessity to divide attention can significantly hinder entrepreneurial effectiveness and optimism, a phenomenon many entrepreneurs refer to as "the golden handcuffs" (Interviewee 7: *"And if you're too comfortable otherwise, you end up with golden handcuffs"*).

4.2.3 Influential events

Our findings further highlight how influential events foster, sustain or diminish EO. **Customer feedback and market validation** play a significant role. Negative feedback, even from a minority, can severely impact optimism (Interviewee 1: *"[...] And the next day, you might get negative feedback from a customer and feel like you just want to shut the company down"*). Conversely, external recognition from customers and investors can uplift optimism (Interviewee 3: *"[...] It would be so much bigger because now we have received confirmation from the market and investors and that everyone likes it"*). Furthermore, our findings indicate that **business performance** also influences EO. Entrepreneurs experience optimism fluctuations due to business outcomes (Interviewee 3: *"So when the numbers improve, it's easier to dedicate time and focus to the tasks at hand in the companies. But if the numbers were to go down instead, it doesn't help at all; it's the opposite, almost counterproductive"*). This was further emphasised by Interviewee 1: *"We could have ten new customers, and the loss of one could make me feel worse instead of happy about the ten gained"*. Additionally, our findings reveal that unexpected **external events** influence EO. Geopolitical changes, economic fluctuations, or natural disasters can disrupt business operations and negatively impact optimism (Interviewee 8: *"One of them was when Donald Trump became president. Tariffs were imposed between China and the USA. And it just undermined the entire business model we had at that time"*). Conversely, positive economic conditions can boost optimism:

"[...] *There was an economic boom. It was a prosperous period, good times for businesses in general [...] it was somewhat easy to get what we needed initially*" (Interviewee 2).

4.3 Internal Influences

Following EO's external influencing factors, the focus shifts to the internal influencing factors that enable, sustain, or diminish optimism based on the other influencing circumstances. The data analysis yielded three second-order concepts: (1) Optimism enablers and sustainers, (2) Optimism diminishers, and (3) Experience and adaptation (See Appendix C.3 for more example quotes). These themes show EO as a dynamic phenomenon, fluctuating with success and failure and shaped by experiential learning. This underscores how EO evolves through internal processes in response to various influences, contributing to a broader understanding by identifying both common and unique aspects compared to existing research.

4.3.1 Optimism enablers and sustainers

Our findings suggest that internal enablers and sustainers are crucial for entrepreneurs' management of external influences. Interviewees highlighted the significance of **realistic goal setting** in maintaining optimism and avoiding disillusionment. This practice helps them celebrate small victories and maintain a continuous sense of progress (Interviewee 8: "*There is so much to do. So I look one year ahead and see what needs to be done here. And then I look one month ahead and one day ahead. [...]*"). Furthermore, the findings indicate that **focusing on positive outcomes** during challenging times enhances motivation and optimism (Interviewee 1: "*[...] focus on something else and then just let go of the negative thoughts and try to push through them. I've gotten better at this over time*". This was further emphasised by Interviewee 6: "*[...] If you have a positive outlook, you see more opportunities even in a crisis situation*". Similarly to focusing on the positive outcomes, having a **strong mindset** within oneself was considered crucial by a majority of Interviewees (Interviewee 3: "*[...] it's more about one's mental strength in getting through things. It's easier when things are going well*". This is further emphasised by Interviewee 8: "*What doesn't kill you makes you stronger. [...] So it's just about pushing forward*").

Similarly, Interviewees expressed being responsive to changing circumstances without **overanalysing and dwelling** helps preserve momentum and sustain optimism (Interviewee 2:

"Sometimes you shouldn't overanalyse. Very often, quick decisions are important". Furthermore, some entrepreneurs avoid **blaming external factors** for failures, focusing instead on control and learning (Interviewee 6: "*While it's easy to blame market conditions or competition for our struggles, I find it more productive to focus on what we can control and learn from every situation*"). In contrast, others use blame as a temporary psychological shield to maintain optimism before addressing issues (Interviewee 3: "*The classic way to handle grief is to blame others. It was everyone else's fault. It was your fault. It was Google's fault. It was God's fault*"). Furthermore, several Interviewees mentioned that maintaining daily **routines and health management** enhances the ability to sustain optimism during negative events (Interviewee 5: "*First of all, sleep. Make sure you get enough sleep. Exercise, you need to have your exercise. Good food, healthy food. Reflection, take time to reflect. And I'm using saunas for the combination. [...] cold bathing and bathing with that as well*"). These routines are intertwined with mental resilience, enabling entrepreneurs to stay grounded and focused amidst business volatility, indicating that it sustains optimism.

4.3.2 Optimism diminishers

While optimism enablers are crucial, our findings indicate that certain internal mental processes and mindsets can significantly diminish EO. Internal factors such as **self-doubt and pessimistic projections** are major barriers. For instance, Interviewee 3 expressed concern: "*Like, shit, are we going to get out of this hole?*". Entrepreneurs often struggle to balance realistic expectations with aspirations. Self-doubt and low expectations can shift focus towards potential negative outcomes, leading to a more cautious approach. Interviewee 1 noted: "*I find it more comfortable to have low expectations*", reflecting a tendency to anticipate the worst rather than aiming for the best possible outcomes as a temporary optimism diminisher. Furthermore, interviewees deliberately lowered their optimism after experiencing prolonged periods of success, anticipating an upcoming downturn based on their experience (Interviewee 1: "*[...] Because it always cycles like that; it's almost like when it's been going very well for a while, you can feel that okay, it's going to start getting worse soon. [...] you almost consciously start to feel that it's going down soon*").

Additionally, our findings suggest that allowing **setbacks to impact one's emotional state** can drain optimism more severely than preemptively tempering it (Interviewee 1: "*And the*

next day, you might receive some bad news from a customer and feel like you just want to shut the company down"). Managing optimism levels amid setbacks is a skill acquired over time, underscoring the importance of being prepared for them (Interviewee 7: "*[...] one piece of advice I give to other entrepreneurs [...] is that if you're not ready to eat a shit 'sandwich for breakfast', then it's not the right job for you. And it never just rains. It always pours*"). Lastly, **regretting past decisions** emerged as another factor that can diminish EO. Reflecting negatively on past decisions can lead to a cycle of doubt and decreased optimism (Interviewee 6: "*There were doubts [...] I should never have done this,*"). Such sentiments can reinforce a fear of failure and discourage bold decision-making, thus diminishing optimism.

4.3.3 Experience and Adaptation

Our findings suggest that past experiences are fundamental in determining whether entrepreneurs employ optimism enablers or diminishers. Entrepreneurs with extensive experience **recognise recurring patterns** in business dynamics, helping them anticipate and prepare for challenges and opportunities, thus influencing their optimism. As one interviewee noted, (Interviewee 3: "*But it has to do with the experiences. We have been in this situation before. I know it can be resolved. Even if it's a completely new thing, a new problem that occurs, still, the effect of it is the same*"). This ability to foresee issues stabilises their optimism, as entrepreneurs recognise these stages from previous experience.

Our findings further indicate that the entrepreneurs who recognise and **prepare for cyclical challenges** of business can sustain their optimism and emotional responses more effectively (Interviewee 1: "*A lot of it is also because now we've been doing this for almost ten years on and off, and you know it's always going to be a roller coaster [...]. Then you know that when you're on the way down into a trough, it's just going to be like this for a little while and then it will get better soon*"). This emphasizes that these fluctuations are natural and should be expected rather than feared, highlighting that this realization is a consequence of experience. Furthermore, experienced further impact the entrepreneurs' **risk awareness**, tempering optimism with realism (Interviewee 6: "*Today's optimism is perhaps more tied to some form of realism. Because one has seen over the years how it can turn out. One recognizes patterns, understands business in a different way*"). this is further emphasised by interviewee 3: "*Today, we have a better assessment of risk, [...] I firmly believe that it is built largely on the*

experience we have". However, excessive risk awareness can sometimes lead to diminished EO (Interviewee 3: "I see a lot of risks. So I'm very negative about this not going to succeed. And I think that's based a lot on experience").

This experience and modified risk-taking behaviour are often linked to initial naivety or over-optimism in entrepreneurship. Entrepreneurs acknowledge that high initial optimism is necessary despite leading to some foolish decisions: "*being naive. There's no clear step where we're no longer naive, where we no longer make foolish decisions. It just evolves, but it's necessary in the beginning*" (Interviewee 3). Naivety, seen as both a strength and vulnerability, is associated with a willingness to take risks and increased optimism due to a lack of awareness of potential challenges: "*It's almost nice not knowing all the troubles and issues that come with running a company [...] Personally, I find there is a charm in youthful naivety*" (Interviewee 6).

Our findings suggest that initial naivety and over-optimism significantly influence the **adaptability** between optimism enablers and diminishers. In the early stages of entrepreneurship, high naivety leads to the utilisation of many optimism enablers. As entrepreneurs accumulate experience, they adapt and become better at managing diminishers, stabilising their optimism. (Interviewee 6: "*You start with a hypothesis, a concept you work from, where a bit of naivety comes into play. You believe the problems look like this, the solutions will look like this, and then you go for it. As you progress, you have to pivot, to change, to adjust. [...] it's perfectly okay not to have all the answers from the beginning*"). Additionally the our findings suggest that adaptability, inherent in experience, allows entrepreneurs to adjust their strategies based on past outcomes and lessons, fostering a pragmatic approach to optimism (Interviewee 3: "*And you make mistakes and then you learn from them*"). This iterative process of adaptability enhances optimism when facing challenges, as past experiences and increased preparedness improve the ability to handle new obstacles effectively: "*We have been in this situation before. I know that we can get out of it*" (Interviewee 3). Experiencing failures teaches valuable lessons that bolster resilience and the capacity to maintain optimism amid challenges.

4.4 Manifestations of Entrepreneurial Optimism

Building on our findings of EO's antecedents and external and internal influences, this section will explore its manifestations on the entrepreneur. We aim to outline how optimism manifests and influences the entrepreneur's actions, which will lead us to understand better how optimism can impact entrepreneurial outcomes. We have identified three main second-order themes of manifestations of EO: (1) Persistence and Resilience, (2) Visionary thinking and drive, and (3) Risk-taking and Decision making (See Appendix C.4 for more example quotes).

4.4.1 Persistence and Resilience

Our findings revealed that persistence and resilience are apparent results of optimism, as demonstrated in multiple ways during the interviews. One -specifically apparent finding was **endurance through challenges**, proving to be a fundamental aspect of EO. For instance, one entrepreneur expressed, *"it's like when things are going badly, you have hopes that they will soon turn around. [...] But when things are going well, you feel the opposite, that soon things will go badly"* (interviewee 1). This quote highlights the optimistic anticipation that current struggles will eventually lead to better outcomes, demonstrating that entrepreneurs maintain optimism in negative circumstances, believing each downturn is temporary and an upturn is forthcoming; allowing them to endure periods of hardship with a positive mindset. Furthermore, **grit and perseverance** were also found to be a manifestation of optimism, and it was an evident trait among the interviewed entrepreneurs. Their optimism seems to encourage them to persist, continually pushing forward despite obstacles. This persistent effort is driven by the belief that their actions will ultimately lead to success, a sentiment captured by the statement by interviewee 2, *"I think grit is what separates successful entrepreneurs from the rest. It's about pushing through even when things get tough"*. Furthermore, our findings show that optimism manifests in **resilience in the face of failure**. The interviewee entrepreneurs demonstrate a remarkable capacity to recover quickly from failures and continue their endeavours. They focus on solutions rather than dwelling on the setbacks themselves. Interviewee 6 noted, *"It's like when you have a stitch while running. You have to run through it"*. This quote exemplifies how entrepreneurs manage failures, swiftly shifting from disappointment to actionable strategies. Lastly, the importance of a **long-term perspective** in entrepreneurial resilience cannot be overstated. Entrepreneurs often view their

journey as a marathon rather than a sprint, understanding that setbacks are part of the process toward eventual success. They endure hardships with the belief that these are just steps along the path. As interviewee 6 said, "*It (referring to optimism) makes you work long-term. Because this is not something that will happen overnight. So you have to be patient*", this statement reflects how optimism makes the entrepreneur work long-term, and not giving up as soon as facing challenges.

4.4.2 Visionary Thinking & Drive

Another second-order theme, perhaps the one most closely aligned with the common perception of optimism, is Visionary Thinking and Drive, which was evident throughout all interviews. **Future Vision** emerged as a central theme, where entrepreneurs start with ambitious visions that evolve into more focused and realistic plans based on their capabilities and experiences, indicating a core manifestation of optimism. For instance, interviewee 6 stated, "*It's like a competition. Why shouldn't I be able to do it? Why shouldn't I make the best of it all?*", highlighting the optimistic drive behind entrepreneurial efforts. Another manifestation of optimism emerging from our findings is **motivation**, sustained through successes and setbacks, which our interviewees often interpreted as integral to their progress. Their sustained motivation seemed to be based on resilience and an optimistic outlook, essential for navigating the uncertainties and difficulties of entrepreneurial endeavours. As interviewee 2 noted, "*Of course, when you face enough setbacks that just keep coming one after another, it gets really damn tedious*". Closely connected is our finding that interviewees consistently display a **persistent drive** as a defining characteristic, driving them forward even in challenging circumstances. This drive is closely tied to their personal belief in the project's value and the broader impact of their work, clearly shown in the reflection: "*One must have an enormous ego that is super-inflated to believe in oneself when no one else does*" (interviewee 7), indicating a robust self-belief fueled by optimism.

4.4.3 Risk-taking & Decision-making

Our findings suggest that optimism significantly influences entrepreneurs' risk-taking and decision-making. These individuals are not merely risk-seekers; they **calculate risks**, ensuring that even high-stakes choices are well-considered. For example, the interviewees demonstrated an inclination toward calculated risk-taking, assessing potential benefits against risks, which allows them to view risk as a strategic and informed part of pursuing their

optimistic goals. Interviewee 2 described their approach: *"I am very risk-prone... it is a calculated risk-taking where you weigh the pros and cons against each other"*. This highlights a pragmatic consideration of possible outcomes and a robust defence of their risky endeavours, rooted in optimism. Entrepreneurs also **prepare for potential failures**, viewing such outcomes with optimism. This perspective does not dampen their enthusiasm but equips them to navigate challenges more effectively. Interviewee 2 exemplified this mindset: *"What is the worst that can happen? The company goes bankrupt... So it's not worse than that"*. Their decision-making process is closely tied to this risk-taking, where optimism also plays a pivotal role. Optimistic entrepreneurs rely on a blend of **intuition and experience** when making decisions. They harness gut feelings alongside insights from past experiences, enabling them to act decisively and swiftly, even without complete information. Interviewee 2 notes, *"Much has been intuition. One should never underestimate gut feeling"*, this comment emphasises the value of intuitive judgment in navigating entrepreneurial challenges, significantly shaped by an optimistic outlook. Our study also found that an optimistic mindset influences entrepreneurs' **adaptive decision-making**. They exhibit flexibility in their plans, adjusting their decisions as new information emerges and circumstances change. This adaptability is particularly pronounced in dynamic industries where long-term planning is uncertain. Interviewee 3 illustrates this point: *"there's no point in thinking about whose fault it is [...] now we solve it. [...] we can sit down and say "Okay, this happened, why is this happening? Can we prevent this from ever happening again? Are there any similar risks somewhere else in the organization?"*.

5 Discussion

This chapter explores the empirical findings in relation to the theoretical framework, highlighting similarities, discrepancies, and new insights. Focusing on the four aggregated dimensions and their first-order and second-order concepts, the discussion examines their dynamic interactions to elucidate how entrepreneurial optimism unfolds throughout the entrepreneurial journey, as visualised in the integrative conceptual model. The chapter synthesises theoretical contributions and practical implications, acknowledges study limitations, and provides directions for future research.

5.1 Integrative Framework: Towards a Dynamic Model of How Entrepreneurial Optimism Unfolds

5.1.1 An Integrative Framework Overview

The tentative conceptual model provided a solid foundation but revealed gaps in understanding EO (see Figure 2.1). Together with the new findings, it allows for constructing a comprehensive discussion and integrative conceptual model incorporating these insights, contributing to a more thorough understanding of how EO unfolds. Before diving into the discussion, the integrative conceptual model and a description of its overarching structure are presented.

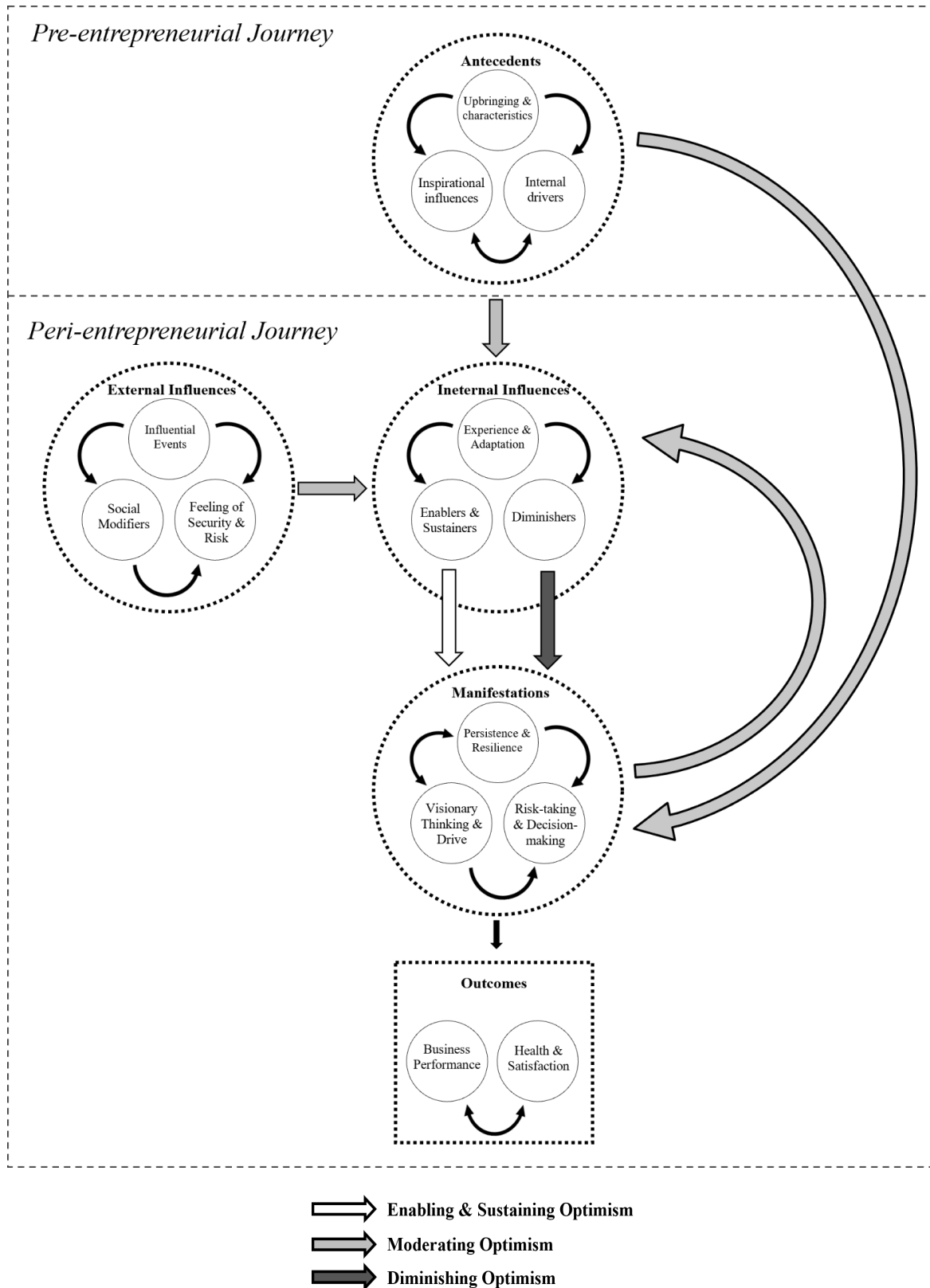
The tentative conceptual model identified key **antecedents** of EO, categorised under the "pre-entrepreneurial journey" phase, emphasising that the roots of EO are established before the entrepreneurial journey begins. These include early life experiences (Bates, 2015; Heinonen et al., 2005) and personal characteristics (Plomin et al., 1992; Mosing et al., 2009). The findings retain the antecedent dimension in the integrative model while offering further insights and a deeper understanding of the origins of EO by incorporating the factors of upbringing and characteristics, inspirational influences, and internal drivers as antecedents of EO.

Building on prior research, which highlighted the need for a dynamic phase considering factors like experience and adaptation (Cassar, 2010; Fraser & Greene, 2006), social networks (Abend & Williamson, 2002; Trunzo & Pinto, 2003), and perceived uncertainty and control (Klein & Helweg-Larsen, 2002; Carver et al., 2010), the findings have refined this concept further. Consequently, the previously singular dynamic sphere is now divided into two distinct dimensions: **External Influences** and **Internal Influences**. External influences encompass factors outside the entrepreneur's control, including influential events, social modifiers, and feelings of security and risk. Internal influences involve internal processes shaping EO, including experience and adaptation, enablers and sustainers, and diminishers.

Furthermore, the tentative model revealed that EO, shaped by antecedents and influenced by both internal and external factors, leads to specific **manifestations** in entrepreneurs. These include decision-making (Ucbasaran et al., 2007; Palich & Bagby, 1995), resilience and focus (Busenitz & Barney, 1997; Taylor & Brown, 1988), and motivation and confidence (Luthans et al., 2007; Trevelyan, 2008). Our analysis has refined this further, with the integrative model now incorporating the factors: persistence and resilience, visionary thinking and drive, and risk-taking and decision-making. The final component of the integrative conceptual model is the **Outcomes** dimension. Although not specifically identified in the findings due to the focus on micro-level understanding of EO, it remains crucial, illustrating how EO's manifestations lead to various positive and negative outcomes.

Consequently, the dimensions of external influences, internal influences, manifestations, and *outcomes* are constituted within the "*peri-entrepreneurial journey*" phase. This phase captures the dynamics of EO, where optimism is influenced, enabled, sustained, or diminished, resulting in specific entrepreneurial manifestations and outcomes. Thus, the integrative conceptual model consists of two spheres and five dimensions, each constituted by their own factors, as visually represented in Figure 5.1, which will be discussed in the upcoming section.

Figure 5.1
Integrative conceptual model of how entrepreneurial optimism unfolds



Notes: Since this thesis does not examine outcomes due to our micro-level focus, it is important to highlight that they are inherently included in the process of optimism, thus represented by a square.

5.1.2 Antecedents of Entrepreneurial Optimism

This study has significantly enriched the understanding of the antecedents of EO by integrating new findings with existing research, identifying Upbringing and Characteristics, Internal Drivers, and Inspirational Influences as key antecedents. The journey initiates in the pre-entrepreneurial phase, where these foundational antecedents establish the initial EO in individuals, collectively shaping the mindset and aspirations of aspiring entrepreneurs.

EO begins with an individual's **upbringing and personal characteristics**. Entrepreneurs frequently come from families with a history of business ventures, providing early exposure to the entrepreneurial world. This environment naturally fosters a belief that entrepreneurship is a viable and rewarding path, forming a foundation of confidence and familiarity with entrepreneurial endeavours. The findings of the thesis align with research by Heinonen et al. (2005), Bates (2015), and Peterson & Steen (2002), indicating that family background and early exposure to entrepreneurship shape optimism by normalising the challenges and rewards of starting a business.

Beyond environmental impacts, personal characteristics, often described as inherent traits, contribute to an entrepreneur's optimistic approach, as previously discovered in EO research (Mosing et al. 2009; Mosing et al. 2010; Caprara et al. 2009; Schulman et al. 1993; Yuh et al. 2010; Plomin et al. 1992). These traits appear deeply embedded from an early age, indicating an inherent and trait-like optimism. Previous quantitative research supports our qualitative findings, interpreting entrepreneurs' explanations of their traits, which helps contextualize and validate our findings. The consistency between our qualitative findings and existing quantitative research might be due to the comprehensive nature of our interviews, capturing nuanced personal experiences. Furthermore, a novel insight from the findings is the role of cultural context. Supportive and risk-tolerant environments, such as Sweden, encourage individuals to take risks and view failures as learning opportunities, thereby reinforcing their optimistic outlook. This cultural dimension underscores the importance of a supportive socio-cultural environment in nurturing EO.

Furthermore, our findings identify several **internal drivers** that contribute to EO. Personal satisfaction and passion for engaging in meaningful work significantly enhance an optimistic outlook. Curiosity and exploration drive entrepreneurs to learn, explore new ideas, and

understand how things work, keeping them engaged and positive about their ventures. The drive to impact society or the environment further enhances optimism. Intellectual stimulation and the challenge of solving complex problems and creating innovative solutions sustain an optimistic perspective. The need for recognition and validation through achievements maintains motivation and a positive attitude. Moreover, while not the primary motivator, financial considerations shape EO by balancing financial aspirations with personal fulfilment. All these factors explaining antecedents of EO are novel insights from the findings. Lastly, it is important to note the desire for autonomy and control over one's destiny. As previously found by Deci & Ryan (2000), this desire also impacts optimism, fostering a sense of empowerment and confidence.

Our findings further reveal that **inspirational influences** further shape EO. Role models provide tangible examples of success, inspiring a sense of possibility and ambition, as supported by Heinonen et al. (2005). Early engagement in entrepreneurial activities lays a practical foundation for optimism by demonstrating how creativity and initiative are rewarded. Educational experiences provide the necessary tools and knowledge to tackle complex challenges, fostering a strategic but optimistic mindset. Lastly, personal challenges and adventures build resilience and confidence, increasing the optimistic outlook of future entrepreneurs. These novel findings highlight the critical role of inspirational influences in shaping EO.

However, our findings indicate that the antecedents of EO - upbringing and personal characteristics, internal drivers, and inspirational influences - do not operate in isolation. Upbringing and personal characteristics set the foundation for optimism, but internal drivers and inspirational influences continuously enable, sustain, or diminish it. Furthermore, these internal drivers and inspirational influences interact dynamically to build optimism in individuals. For instance, role models (an inspirational influence) can enhance internal drivers such as curiosity and exploration. Similarly, internal drivers, such as the need for recognition and validation, can reinforce personal challenges and adventures (inspirational influences). Subsequently, Upbringing & Characteristics, Internal Drivers, and Inspirational Influences work dynamically in shaping the antecedents of EO. As individuals progress through the pre-entrepreneurial phase, these antecedents continuously interact and reinforce

each other, creating a strong and dynamic foundation for EO that follows them into their entrepreneurial journey.

5.1.3 External Influences of EO

Similarly to antecedents, external influences both enable and diminish EO by encompassing a range of positive and negative factors. While antecedents establish a foundational level of optimism, external influences continually reshape this optimism. Antecedents, often outside the individual's control, are deeply embedded in personal background and characteristics and are more resistant to change. In contrast, external influences are more variable and can often be managed differently than inherent traits despite being largely outside the individual's control. Moreover, the dimension of external influences is shaped by macro-factors, which in turn affect influential events, social networks, and the feeling of security and risk - all second-order concepts within external influences. These elements collectively shape how optimism manifests in entrepreneurs as they interpret and respond to these external changes.

Our findings indicate that **social support** is influencing EO. Entrepreneurs frequently cited the support they received from friends, family, or mentors as essential for maintaining their positive outlook. However, this support can also have a downside; negative feedback from close networks sometimes diminishes their optimism, particularly during tough times when judgmental reactions worsen feelings of failure. These findings align with previous research by Abend and Williamson (2002) and Trunzo and Pinto (2003), highlighting social support's benefits in fostering optimism. However, their studies focused on Black college students and breast cancer survivors, respectively, and did not specifically address the unique challenges faced by entrepreneurs. Therefore, while these studies underscore the general importance of social support, they may not fully capture the nuanced dynamics of entrepreneurial ventures. Moreover, our study reveals that the cultural context influences EO. The GEM Global Entrepreneurship Monitor (2022) underscores how different cultural and economic environments impact entrepreneurial activities and success rates. This complex interplay of supportive relationships and cultural infrastructure highlights that EO is enabled, sustained and cultivated through dynamic interactions within one's social and cultural ecosystem, a nuance emphasized by our findings.

The findings indicate that feelings of **security and risk influence** EO. Entrepreneurs with financially supportive networks, such as family, benefit from a safety net that allows them to afford optimism and take calculated risks. Additionally, business insurance and financial buffers emerged as crucial factors, mitigating worst-case scenarios and contributing to enablement of optimism. Entrepreneurs who secured external funding or had financial safety nets reported that these factors enabled their optimism. These findings align with the theoretical framework suggesting that a sense of control and security positively impacts EO, as discussed by Klein & Helweg-Larsen (2002). However, the thesis also uncovered that this economic security can sometimes lead to dual commitments, often referred to as "golden handcuffs," where entrepreneurs are tied to secure employment while attempting to launch their ventures. This situation can both enable and diminish optimism. While it increases the sense of security, it can potentially decrease the level of commitment, thus diminishing optimism - a nuance overlooked by prior research.

Furthermore, the findings indicate that **influential events** such as customer feedback, market validation, business performance, and external conditional events are key factors in shaping EO. Positive customer feedback and market validation have been reported to boost optimism, whereas negative feedback can significantly diminish it. This aligns with Carver et al. (2010) and Sweeny et al. (2006), who noted that optimism fluctuates with life events and circumstances, including successes and failures. Entrepreneurs reported that they could easily and clearly measure their success through business performance, relying on objective data and numerical indicators, which are decisive for their levels of optimism. Additionally, Forbes (2005) noted that early success contributes to increased levels of optimism. Our findings reflected this, where entrepreneurs' early success was measured through their business performance. The ability to measure success through clear metrics helps entrepreneurs maintain or adjust their optimism based on tangible results.

However, the external influences discovered through our study dynamically interact with each other (Figure 5.1). For example, we found that **influential events** affect both **social support** and the **feeling of security and risk**, partially addressing Abend and Williamson's (2002) research gap, which explicitly stated: "*Qualitative methods would be useful in helping us understand the processes of optimism, coping, and social support*". However, our findings are based on an entrepreneurial context. According to the findings, these influential events

are, in turn, affected by macro factors such as geopolitical events. Political shifts, economic fluctuations, or natural disasters can unexpectedly disrupt business operations and negatively impact entrepreneurs' feeling of security and risk, and optimism levels (Sweeny et al. 2006). Such disruptions can trigger friction within teams due to declining business performance, potentially leading to greater economic uncertainty and diminished optimism among entrepreneurs. Moreover, political decisions affecting the infrastructure for the entrepreneurial market can impact the support available from family and cultural infrastructure contexts, which are included in social support and disrupt the sense of security. Conversely, these macro factors can potentially enable EO through favourable fiscal policies that contribute to an economic boom, where entrepreneurial activities thrive the most with external investments. Consequently, according to the entrepreneurs, these investments enhance economic security and thus enable optimism.

However, our study focused on micro-level findings and may have overlooked broader macro-level influences due to the scope of our investigation. Despite this limitation, it is essential to acknowledge that these macro-level factors also impact EO indirectly and should, therefore, be included, albeit not in-depth. This interconnectedness highlights the complex dynamics between external influences and EO, as they both enable and diminish optimism, emphasising the need for a comprehensive understanding of these relationships in an entrepreneurial setting.

5.1.4 Internal Influences of EO

Although external influences enable and diminish optimism, our findings demonstrate that internal factors ultimately shape the manifestations of EO, which are influenced by external factors, antecedents. Internal influences constitute the inherent response to various challenges and opportunities using EO enablers, sustainers or diminishers (Figure 5.1). These influences contribute to a dynamic perspective on EO, which fluctuates with experiences of success and failure (e.g., Carver et al. 2010; Sweeny et al. 2006) and is shaped by experiential learning (e.g., Fraser & Greene, 2006; Carroll et al. 2006), throughout the entrepreneurial journey.

Our findings build upon previous quantitative research to identify factors that **enable and sustain** optimism among entrepreneurs, using a more in-depth and interpretative approach.

By emphasizing realistic goal-setting, entrepreneurs can avoid disillusionment, increase motivation, and sustain their optimism. This aligns with the work of Luthans and Youssef (2004), who highlight the importance of maintaining focus and energy toward goals to foster optimism. Our study adds nuance by revealing that entrepreneurs often avoid setting long-term goals due to the dynamic nature of entrepreneurship, which can threaten their positive outlook. Instead, they prefer setting smaller, more manageable goals to maintain a continuous sense of progress, thus enhancing their EO. This strategy is essential for maintaining optimism even during challenging times, as it helps them focus on positive outcomes and mitigate the impact of negative experiences.

However, to focus on positive outcomes during difficult times, most interviewed entrepreneurs highlighted the importance of a strong mindset in enabling or sustaining optimism. This strategy, which enables motivation and optimism, is supported by literature highlighting inherent robustness when facing challenges (Busenitz & Barney, 1997; Trevelyan, 2008; Taylor & Brown, 1988). Entrepreneurs frequently perceive their chances of success as higher than others (Ucbasaran et al. 2007), which our interviewees confirmed. The significance of an enabling strong mindset, characterised by a "grit mentality" and the determination to push through challenges, was evident among all interviewed entrepreneurs. This aligns with the Expectancy-Value Theory, which posits that high expectations of success drive individuals to persist in their efforts (Carver & Scheier, 2001), thus enabling and sustaining optimism.

The findings of the thesis further confirm that individuals who maintain optimism are more inclined to eagerly engage with challenges, in accordance with previous research (Dushnitsky, 2010; Storey, 2011; Trevelyan, 2008), thereby preserving their momentum and enabling their optimism by not overanalysing and dwelling on potential failures. A unique and novel finding was that entrepreneurs temporarily blame external factors beyond their control, such as changes in legislation that undermine their business model, to maintain their initial optimistic outlook before addressing the situation more thoroughly.

Lastly, some informants emphasized that maintaining daily routines and health practices, such as exercise, healthy food, and adequate sleep, is crucial for sustaining energy and focus, enabling optimism, and better utilizing other optimism enablers. This finding extends current

understanding by highlighting the role of physical health management in supporting EO resilience, which Luthans and Youssef (2004) overlooked, focusing instead on mental training. Their study primarily addressed a workplace setting and positive psychology, differing from the entrepreneurial context examined in this thesis. Collectively, these enablers demonstrate a dynamic blend of internal resilience and selective external attribution, necessary for navigating the complex emotional terrain of entrepreneurship.

However, the presence of optimism enablers necessitates the existence of **optimism diminishers**. Our findings demonstrate that self-doubt and pessimistic projections can diminish EO, aligning with previous research indicating that pessimism can lead to cautious approaches (Cooper et al. 1988), while optimism manifests in underestimating risk (Kannadhasan et al. 2014) by overvaluing the opportunity (Palich & Bagby, 1995). Our findings also reveal a deliberate strategy among entrepreneurs to temper their optimism as a preparatory measure for managing future challenges or downturns. This strategy may reflect an awareness that excessive optimism can adversely affect new venture performance, as evidenced by reduced revenue and employment growth (Gudmundsson & Lechner, 2013; Hmieleski & Baron, 2009; Lowe & Ziedonis, 2006). This adaptive strategy is something entrepreneurs achieve after gaining experience and continues to develop over time, according to the informants.

However, according to the informants, the main reason for tempering their optimism in advance was to manage potential downturns when they occur, as emotional reactions to setbacks were found to diminish optimism markedly among entrepreneurs. Informants highlighted that overly high expectations could lead to greater setbacks. However, similar to self-doubt and pessimistic projections, entrepreneurs acknowledged that their ability to manage these challenges enhanced over time by lowering initial optimism. This aligns with Fraser and Greene's (2006) finding that increased entrepreneurial experience generally leads to decreased optimism. Some entrepreneurs referred to this as regretting past decisions and reflecting too negatively on them, which could lead to an iterative process of doubt (Chambers et al. 2000), thus diminishing optimism.

Therefore, **experience and adaptation** was considered the underlying and natural determining factor of whether the entrepreneur employs optimism enablers or diminishers, according to the informants. Consequently, experiences were determined to be the key factor in how entrepreneurial optimism unfolds and manifests, as attitudes are directly linked to the entrepreneurs' experiences. According to the findings, these experiences influence whether the entrepreneur diminishes, sustains or enables optimism. According to themselves, the ability to recognise patterns contributes significantly to entrepreneurs' optimism levels. Pattern recognition stems from experience and previous events, leading to either positive reinforcement, in the form of optimism enablers, or negative reinforcement, in the form of optimism diminishers, as this is a cyclical process.

Correspondingly, Segerström (2007) and Jobin et al. (2013) found that optimism can grow with experience, suggesting that experienced entrepreneurs handle business cycles better. Previous research indicates that frequent negative events lower optimism (Chambers et al. 2000), while repeated successes reinforce it (Forbes, 2005). However, Fraser and Greene (2006) observed that as entrepreneurs gain experience and reduce uncertainty, their optimism tends to decline. This decline may relate to our finding that experienced entrepreneurs consciously temper their optimism in preparation for cyclical challenges, helping them sustain their optimism and manage their emotional response more effectively when unforeseen external setbacks occur. This was done consciously by the informants, even during good times, as they know from experience that entrepreneurship involves natural fluctuations that should be expected rather than feared. However, Fraser and Greene (2006) do not directly address that optimism can grow with experience (Segerström, 2007; Jobin et al. 2013). In contrast to our findings that also suggest experienced entrepreneurs are better equipped to handle the cyclical nature of entrepreneurship due to positive reinforcement of enablers. Fraser and Greene (2006) indirectly address the relationship between experience, optimism, and uncertainty. They suggest that increased experience reduces uncertainty, leading to more stable and realistic optimism. While greater experience can temper unrealistic optimism, it concurrently enhances overall optimism by reducing uncertainty.

Fraser and Greene's (2006) research suggests that experience enhances risk assessment capabilities, leading to a more balanced perspective where optimism is informed by practical

considerations and a deeper understanding of potential risks. Similarly, our informants indicated that risk awareness determines whether to utilize optimism enablers, sustainers, or diminishers. Over time, informants' risk assessment improved, reflecting on their past naivety, as emphasized by previous research as over-optimism (Fraser & Greene, 2006; Dawson & Henley, 2013; Gudmundsson & Lechner, 2013; Hmieleski & Baron, 2009; Lowe & Ziedonis, 2006; Cooper et al. 1988; Cassar, 2010) or unrealistic optimism (Carroll et al. 2006; Rothman et al. 1996). Our findings highlight that initial over-optimism significantly influenced informants' reliance on optimism enablers. This tendency is associated with risk-taking due to limited understanding of potential challenges and lack of experience, which diminishes with setbacks (Ucbasaran et al. 2010). Informants noted that through the iterative processes of optimism, it transitioned into a more realistic form.

The role of experience and adaptability in managing optimism diminishers and stabilizing overall optimism is well-supported by existing research. Studies by Fraser and Greene (2006), Carver and Scheier (2001), Luthans and Avolio (2009), and Hmieleski and Baron (2009) underscore the importance of experience and learning in fostering balanced and resilient optimism. This iterative process enables entrepreneurs to adjust their strategies based on past experiences, enhancing their ability to manage optimism sustainers, enablers, and diminishers as new challenges arise.

The aggregated dimension of internal influences forms the core of our integrative conceptual model (Figure 5.1). Within this dimension, optimism is interpreted and transformed from the entrepreneur's perspective, leveraging their inherent coping mechanisms. Antecedents, external influences, and manifestations of optimism interact with internal influences in an iterative and continuous process throughout the entrepreneurial journey. Even if optimism initially fluctuates due to these factors, entrepreneurs can transform it internally using enablers, sustainers, and diminishers based on their previous experiences. This internal transformation is then reinforced through manifestations of optimism, feeding back into the entrepreneur's experience and further enhancing the balance of EO for future fluctuations. The more experience entrepreneurs gain with managing their optimism, the more well-grounded their decisions become, leading to positive outcomes. This nuanced

understanding of internal influences underscores the critical role of experience in shaping balanced and effective EO.

As previous research on EO has primarily used quantitative methods (Rauch et al. 2014), it has overlooked the abstract nature of optimism and its internal influences, such as entrepreneurs' coping mechanisms and their evolution through experience. Our study, using an interpretative context, provides a deeper understanding of how entrepreneurial optimism evolves beyond quantitative metrics. Embracing Van Burg et al.'s (2020) view that qualitative studies often generate fundamental theories in entrepreneurship, we have discovered nuanced perspectives on dynamic EO, considering both external and internal factors.

5.1.5 Manifestations of EO

Building on our findings of EO's antecedents and external and internal influences, this section explores its manifestations in entrepreneurs. The thesis aim to outline how EO manifests in the entrepreneurs' mindset and behaviour, leading to a better understanding of how optimism can impact entrepreneurial outcomes. The thesis have identified three main factors that manifest EO: Persistence and resilience, visionary thinking and drive, and risk-taking and decision-making.

The manifestation of EO through **persistence and resilience** underscores its crucial role in enduring challenges. Our research findings highlight the fundamental connection between endurance, grit, and perseverance with EO. Entrepreneurs maintain their optimism even in the face of adversity, believing setbacks to be temporary and success inevitable. This conviction drives persistent efforts, as evidenced by previous EO studies (e.g., Dushnitsky, 2010; Storey, 2011; Busenitz & Barney, 1997; Trevelyan, 2008). However, while optimism fuels endurance, it must be tempered with realistic assessments to prevent neglecting essential planning, as argued by Cooper et al. (1988). Our findings further illustrate how optimism cultivates resilience, enabling entrepreneurs to swiftly recover from setbacks and focus on solutions rather than dwelling on blame. Moreover, EO shapes a long-term perspective critical in resilience, with entrepreneurs viewing setbacks as stepping stones toward eventual success, enduring hardships as part of the entrepreneurial journey. Nevertheless, over-optimism can detrimentally affect entrepreneurs if it leads them to persist in failing endeavors instead of making necessary adjustments or closing down the business,

as highlighted by Åstebro et al. (2007) and Lowe & Ziedonis (2006). This emphasizes the importance of a balanced approach to EO, combining persistent effort and resilience with strategic foresight and realistic risk assessment to navigate entrepreneurial challenges effectively.

Furthermore, EO manifests as **visionary thinking and drive**, aligning with Dawson and Henley (2013), who state that optimism drives ambitious goal-setting, crucial for visionary thinking. Entrepreneurs often begin with ambitious future visions, reflecting their optimistic drive for the best possible outcomes. Fueled by resilience and optimism, sustained motivation is essential to their progress despite successes and setbacks. Even in challenging circumstances, their persistent drive underscores a strong belief in the importance of working towards their goals. While optimism significantly influences visionary thinking and drives, propelling entrepreneurs forward in both positive and negative times (Busenitz & Barney, 1997; Trevelyan, 2008), overly optimistic entrepreneurs might underestimate risks, as Kannadhasan (2014) suggests. Thus, balancing optimism with realistic risk assessment is vital for long-term success. This balance ensures that ambition and perseverance do not lead to overlooking potential challenges and risks.

EO further influences **risk-taking and decision-making**. Entrepreneurs often believe in achieving positive outcomes by taking calculated risks, with optimism fueling these beliefs, as confirmed by Kannadhasan (2014). Their decision-making process is closely tied to risk-taking, where optimism enhances their reliance on intuition, leading to quicker and more confident decisions, even with incomplete information (Lowe & Ziedonis, 2006). However, this can result in overly hasty decisions with potentially negative outcomes (Hmieleski & Baron, 2009). Optimism also fosters adaptive decision-making and preparedness for potential failures. Entrepreneurs adjust their plans as new information emerges and circumstances change, staying positive while coping with adversity and preparing for failure (Palich & Bagby, 1995; Taylor & Brown, 1988). Despite this, optimism can lead to overly positive views on critical decisions (Åstebro et al. 2007), underscoring the need for a balanced approach to risk assessment and decision-making.

However, based on our findings and previous research, we assume that the manifestations of EO - persistence and resilience, visionary thinking and drive, and risk-taking and

decision-making - do not operate in isolation. Instead, they continuously interact and reinforce each other, creating a dynamic framework for entrepreneurial success or failure. For example, we believe that the resilience fostered by optimism enables entrepreneurs to sustain their visionary goals even in the face of setbacks, enhancing their perseverance. This positive vision likely informs the calculated risks they take, as entrepreneurs with an optimistic outlook are better equipped to assess and engage with potential opportunities, even under uncertain conditions. While these optimistic manifestations and dynamic interaction help entrepreneurs navigate challenges, maintain a long-term perspective, and take strategic risks, they can also lead to poor planning and persistence in failing ventures (Cooper et al. 1988; Åstebro et al. 2007; Lowe & Ziedonis, 2006). Understanding these manifestations offers valuable insights into how EO shapes the entrepreneur's mindset and behaviours, ultimately leading to the outcomes discussed in the upcoming section.

5.1.6 Outcomes of Entrepreneurial Optimism

Understanding EO's antecedents, influences, and manifestations is crucial for discussing its outcomes. These outcomes are central to our study and form a significant part of our conceptual models (see Figure 2.1 & Figure 5.1). While our findings do not address broader impacts like venture performance and societal effects, as we instead focus on EO's effects on a micro-level, these are included in our integrative conceptual model to provide a comprehensive understanding. As with our tentative model, our integrative model divides the outcomes of EO into two factors: Business Performance and Health and Satisfaction.

As found in the previous section (Chapter 5.1.5), entrepreneurs driven by optimism tend to work harder and employ better problem-solving strategies, subsequently leading to outcomes in **business performance**. For example, it can improve performance and lead to successful outcomes in challenging tasks (Dushnitsky, 2010; Storey, 2011; Trevelyan, 2008), as optimistic entrepreneurs are more likely to achieve business growth and success, often resulting in larger firm sizes and greater job creation (Fraser & Greene, 2006; Dawson & Henley, 2013). Furthermore, their visionary thinking and drive foster innovation and long-term growth and their increased risk-taking and intuitive decision-making can lead to the exploitation of new opportunities and competitive advantages. However, balancing this optimism with realistic risk assessments is important to avoid hasty decisions that could harm the business (Kannadhasan, 2014; Lowe & Ziedonis, 2006; Hmieleski & Baron, 2009). While

these outcomes highlight the positive impacts of EO, over-optimism can lead to poor planning, risk underestimation, and persistence in failing ventures. This underscores, once again, the need for a balanced approach to maintaining sustainable business success (Cooper et al. 1988; Åstebro et al. 2007; Lowe & Ziedonis, 2006), further emphasising the contribution of our study.

While not directly explored in our findings, optimism is linked to **health and satisfaction** in entrepreneurs. It contributes to mental health and resilience, helping entrepreneurs cope with stress and adversity more effectively (Taylor & Brown, 1988). This positive outlook supports overall well-being. Entrepreneurs with non-economic goals, such as pursuing work they love, report higher satisfaction levels due to optimism, providing fulfilment beyond financial success (Cooper & Artz, 1995). Although optimistic entrepreneurs might earn less than their less optimistic counterparts, their overall happiness and life satisfaction tend to be higher because of their positive self-view and fulfilment from their work (De Meza et al. 2019; Dawson et al. 2014). This perspective highlights how EO can positively impact entrepreneurs, their ventures, and society, extending beyond its effects on business performance.

As with the other factors in our tentative model, we assume that business performance, health, and satisfaction work dynamically together based on our findings and previous research. We believe that positive business performance likely increases entrepreneurs' confidence and mental well-being, further enhancing their resilience and ability to cope with stress, leading to greater overall satisfaction. In turn, satisfied and mentally healthy entrepreneurs are presumably more motivated and energised to pursue their business goals, resulting in sustained business performance. They may foster resilience and persistence by optimistically viewing setbacks as temporary and surmountable, which helps them continue striving towards their goals despite challenges. Additionally, improved mental health and satisfaction appear to lead to better decision-making and risk-taking, further enhancing business performance. The fulfilment they gain from aligning personal goals with business objectives creates a positive feedback loop that supports their optimistic outlook. Understanding these outcomes offers valuable insights into how optimism shapes entrepreneurs and their ventures, enhancing our comprehension of how EO unfolds.

5.2 Theoretical Contributions

Our study significantly advances the understanding of EO by developing a dynamic model that integrates antecedents, external and internal influences, and the manifestations and outcomes of EO throughout the entrepreneurial journey (Figure 5.1). This model addresses critical research gaps and offers a nuanced perspective often overlooked in previous studies. Unlike static models, our framework captures the fluid nature of EO, illustrating how it fluctuates in response to various phases and events. Our qualitative approach provides a comprehensive and deep understanding of these dynamics, laying the groundwork for future research by reflecting the real-world complexities of entrepreneurial experiences influenced by EO.

Furthermore, our study highlights the significant role of antecedents such as upbringing, personal characteristics, and cultural context in shaping EO, setting the stage for an individual's optimistic outlook and entrepreneurial propensity. While limited previous research has touched upon its antecedents, focusing on static factors such as personal traits, genetic predispositions, and early life experiences (e.g., Heinonen et al. 2005; Mosing et al. 2009), these studies often treat these antecedents as isolated factors and do not consider their dynamic interplay over time. Neither have they explored it from a qualitative perspective, uncovering all the nuances it actually contains. By building upon previous research while conducting an open study to explore as many missing factors as possible, we provide a holistic view of how early-life experiences and inherent traits contribute to the formation of EO. This comprehensive perspective advances the EO literature by demonstrating the foundational and long-term impact of optimism on entrepreneurial behavior.

The model explains the external influences on EO, including social support networks, feelings of security and risk, and influential events. Our findings illustrate how these external factors can either enable, sustain, or diminish EO. Previous research has noted that EO is influenced by life events (Sweeny et al. 2006) and transitions (Carver et al. 2010; Dawson et al. 2014), as well as through the entrepreneur's social support (Abend & Williamson, 2002; Trunzo & Pinto, 2003). However, these studies have not delved deeper into exploring why these influences matter. Consequently, our study has broadened and deepened the knowledge of external EO influences substantially.

In addition to external factors, our study emphasizes the role of internal influences such as enabling and sustaining processes, diminishing processes, and the internal influence of experience and adaptation on EO. While previous research has explored how factors such as age (Jobin et al. 2014), entrepreneurial experience (e.g., Fraser & Greene, 2006), prior outcomes (e.g., Ucbasaran et al. 2010; Forbes, 2005), and perception of control (Klein & Helweg-Larsen, 2002) affect EO, it has not focused on exploring both enabling and diminishing EO factors, thus overlooking many of its internal influences. By highlighting these internal processes, our study provides a deeper understanding of the psychological mechanisms underpinning EO, advancing theoretical knowledge in this area. Furthermore, as seen in our tentative conceptual model, research has not previously divided external and internal influences of EO. This distinction, found in our integrative conceptual model, significantly contributes to EO research by clarifying that EO is influenced by two dimensions simultaneously, dynamically changing EO together, continuously through the entrepreneurial journey.

Our model also details the manifestations and outcomes of EO, demonstrating how optimism translates into an entrepreneurial mindset and behaviors that eventually lead to venture and societal outcomes. While previous research has demonstrated how EO impacts performance by driving efforts and increasing resilience (e.g., Busenitz & Barney, 1997; Dushnitsky, 2010) or negatively resulting in inadequate planning and underestimating risks (e.g., Cooper et al. 1988; Kannadhasan et al. 2014), it has not yet delved into the underlying factors contributing to these effects. By exploring these manifestations and outcomes and synthesizing with previous research, our study contributes to a nuanced understanding of the dual-edged nature of EO in entrepreneurship, having both positive and negative effects. Subsequently, we use previous research together with our nuanced findings to construct a comprehensive and widespread integrative conceptual model of how EO unfolds.

Grounded in rich empirical data from interviews with entrepreneurs, using an explorative approach, our model not only validates existing EO constructs but also expands them by highlighting previously underexplored factors such as cultural context and detailed internal processes. This empirical foundation provides robust support for the constituents of our integrative framework, enhancing its credibility and applicability. The dynamic model serves

as a comprehensive framework for future research, suggesting new avenues for investigating the interplay between optimism, the entrepreneur, and business performance (Figure 5.1). It encourages further theoretical advancements by providing a basis for exploring how EO influences entrepreneurial outcomes over time. This framework is adaptable and can be applied to various entrepreneurial contexts, making it a valuable tool for both scholars and practitioners.

5.3 Practical Implications

Our study offers insights into EO that can enhance the practicality for entrepreneurs, practitioners, and policymakers. By understanding how entrepreneurial optimism unfolds, stakeholders can implement strategies to take advantage of EO when beneficial, and reducing it when making adverse effects. For *entrepreneurs*, our study emphasize self-awareness and management of optimism. Entrepreneurs can use the insights to better understand if and why they are optimistic, and how it fluctuates throughout their entrepreneurial journey. Recognizing the influences, enablers, sustainers and diminishers of EO, allows them to adopt strategies to manage it effectively, such as setting realistic goals, seeking feedback, and balancing optimism with risk assessment, utilizing the benefits of having positive visions but avoiding naivety in decisions. Additionally, by cultivating strong social support networks, maintaining financial stability, and fostering a positive organizational culture, entrepreneurs can easily control optimism when being faced by external and internal influences, and thus sustain energy.

Practitioners in entrepreneurial training and education can benefit from integrating our dynamic model of EO to prepare entrepreneurs of the impacts of EO, and how the entrepreneurs themselves can better control it with increased understanding of how it unfolds: helping aspiring entrepreneurs understand the importance of managing optimism throughout their journey. Training programs should address both the beneficial and potentially detrimental aspects of EO, providing practical tools for maintaining a balanced outlook. Furthermore, mentors and coaches can use our findings to offer more targeted support. By understanding the dynamic interplay of factors influencing EO, they can provide guidance on strategic planning, risk management, and maintaining a grounded perspective.

Policymakers can leverage the insights from our study to create a balanced environment for EO. They can ensure equitable access to financial resources through funding opportunities, grants, and economic incentives. Additionally, they should implement educational initiatives that help entrepreneurs set realistic objectives and mitigate excessive optimism, thus avoiding unnecessary risks. Policies that support smooth transitions into self-employment can help maintain a healthy level of optimism. Furthermore, promoting a positive cultural perception of entrepreneurship through educational campaigns and public policies that celebrate successes and normalize failures will make entrepreneurs feel safer and more supported, fostering a more resilient entrepreneurial ecosystem.

5.4 Limitations of the study & Future Research

Despite the significant contributions of our study, several limitations should be acknowledged. First, the qualitative nature of our research, while providing deep insights, limits the generalizability of our findings. Qualitative studies focus on depth rather than breadth, which can restrict the extent to which the results can be applied to a wider population. Our sample size is relatively small and may not represent the broader population of entrepreneurs. However, through conducting comprehensive semi-structured interviews with nine entrepreneurs and fulfilling the saturation principle, sufficient data has been collected to understand the unfolding of EO. Our study is also context-specific, conducted in Sweden. This cultural and geographical focus may influence the dynamics of EO in ways not fully explored in this thesis. Thus, our findings may not be entirely applicable to different cultural settings. Nonetheless, since culture emerged as a significant factor influencing EO, we have incorporated these implications into our integrative model, mitigating some concerns about applicability.

Another limitation is the potential for subjective bias from both participants and researchers. The interpretive nature of qualitative data analysis can introduce personal biases, despite our use of the Gioia coding method to ensure rigor and objectivity. Additionally, our reliance on self-reported data can be affected by recall bias or social desirability bias, potentially impacting the findings and interpretations of EO. Moreover, our study included only male participants. Although we attempted to include female entrepreneurs, only one was included and subsequently excluded due to not fitting the "opportunity-driven" entrepreneurship criteria. This gender imbalance may limit the comprehensiveness of our conclusions.

regarding EO. Lastly, while our study has contributed a comprehensive model of how EO unfolds, it has not focused on practical tools to strategically influence one's EO, although these are implicitly demonstrated through conceptualizing how EO unfolds.

Future research should address our study's limitations while exploring additional factors not covered in our integrative framework. Firstly, qualitative studies with larger and more diverse samples will enhance the generalizability of our qualitative findings. Furthermore, including various cultural and geographical contexts would also be beneficial to enhance the applicability of our findings in different entrepreneurial settings. Finally, specifically investigating tools to manage EO could provide practical applications for enhancing it. Assessing the effectiveness of these interventions would offer valuable insights for practitioners and policymakers aiming to support entrepreneurs in maintaining a healthy level of optimism.

6 Conclusion

This study explored the dynamics of entrepreneurial optimism (EO) throughout the entrepreneurial journey. We developed a dynamic model that integrates antecedents, external and internal influences, and the manifestations and outcomes of EO by employing a comprehensive qualitative approach involving semi-structured interviews with nine opportunity-driven entrepreneurs in Sweden. Current research on EO is fragmented and often static, failing to capture its dynamic nature and fluctuations throughout the entrepreneurial journey. This results in an incomplete understanding of the origins and influences of EO and its dual-edged potential to enhance and impair entrepreneurial performance.

The thesis aimed to address these gaps by developing a dynamic model of EO that integrates its antecedents, external and internal influences, and manifestations and outcomes. Using qualitative data from semi-structured interviews with nine opportunity-driven entrepreneurs, which provides this integrative model and comprehensive understanding of the dynamics of EO (Figure 5.1). This study offers theoretical and practical insights to understand better, manage, and leverage EO for improved entrepreneurial outcomes.

The analysis revealed several key insights. Antecedents such as upbringing, personal characteristics, cultural context, internal drivers, and inspirational influences shape EO, setting the stage for an individual's optimistic outlook and entrepreneurial propensity. As the entrepreneurial journey unfolds, EO is influenced by external factors, including social support networks, feelings of security and risk, and influential life events, which dynamically affect EO by enabling, sustaining, or diminishing it. These external influences interact with internal processes, including enabling, sustaining, or diminishing mechanisms shaped by the entrepreneur's previous experiences and internal adaptations. Consequently, EO manifests in various ways, influencing both positive and negative entrepreneurial behaviours and outcomes.

Our study makes substantial theoretical contributions by presenting a dynamic EO model that addresses critical literature gaps. This model provides a comprehensive overview and deeper understanding of EO, laying the groundwork for future research. Practically, our study contributes to understanding how to manage EO better, set realistic goals, and balance optimism with risk assessment while utilising its positive motivational and resilience effects. However, future research should include larger, more diverse samples and longitudinal studies to explore how EO changes through different entrepreneurial phases. Developing practical tools to moderate EO could provide actionable strategies for leveraging EO as a resource in the entrepreneurial journey.

In conclusion, this study highlights the dynamic nature of EO, comprehensively exploring how it unfolds throughout the entrepreneurial journey, including its antecedents, external and internal influences, and manifestations and outcomes. The findings of the thesis offer valuable insights for both theoretical advancements and practical applications, setting the stage for future research and effective management of EO in entrepreneurship.

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Appendix A - Interview Guide

Phase	Questions
Introduction <i>5 min</i>	<ul style="list-style-type: none"> - Explanation of the purpose of the thesis - Confidentiality - Ask for consent to record the interview for transcription purposes. - How much time do they have?
Background	<p>Warm-up/protocol</p> <ul style="list-style-type: none"> - Name - Age - Nationality - Company/Industry and where they are established - How long have you been an entrepreneur? <p>Can you briefly share how your entrepreneurial journey began?</p> <ul style="list-style-type: none"> - Is this your first time pursuing an entrepreneurial career? - What's your role in the company, and was this venture your idea or how did you get involved in this venture?
Antecedents	<p>What inspired the initial spark for your entrepreneurial venture?</p> <ul style="list-style-type: none"> - Has becoming an entrepreneur been a long-term dream of yours? What inspired it? - Were there key moments or influences in your life that propelled you toward starting your own business? <ul style="list-style-type: none"> - How did these moments make you feel about the future of your venture? - Was there a turning point that made you decide to dive into entrepreneurship? <ul style="list-style-type: none"> - How did your perception of potential challenges and opportunities influence this decision? - Is there a specific person who has inspired you to become an entrepreneur? Like other entrepreneurs or leaders? What about them influenced you? - Do you think your support networks, like family, mentors, or peers, influenced you to embark on an entrepreneurial career? How? - Do you think there are specific personal or professional experiences that shaped your motivation or decision to become an entrepreneur? <ul style="list-style-type: none"> - How did these experiences shape your outlook on what you could achieve? - Do you think experiences in your life, such as successes or failures, in other areas of your life influenced your decision to start your own venture? <p>How would you describe your mindset and feelings about embarking on this entrepreneurial journey?</p> <p>Initially, what did you expect the main challenges and opportunities to be?</p> <ul style="list-style-type: none"> - How do you think your mindset and feelings were impacted by these experiences? <p>How do you think your initial vision for your venture impacted how you planned and made decisions at the beginning of the entrepreneurial journey?</p> <p>Did you ever consider that entrepreneurs on average earn less than employees, and there is a high risk of business failure when you enter your entrepreneurial career?</p>

Could you share an instance where you faced a big challenge in your business? How did you handle it?

- How did you keep going through that tough time?
- What was your thought process in addressing it, and how did your outlook impact your approach?
- How did overcoming this obstacle impact your approach to future challenges?

Making decisions can be tough, especially with a lot of unknowns about the future. How do you make decisions in uncertain times with a lack of information?

Mechanisms

- Can you share an instance where your expectations of future possibilities guided your choices?
- Have there been times when you had to rely on your gut feeling rather than on known facts? Can you tell us about a situation where you've done this?

Entrepreneurship has ups and downs. Can you recall a period when you encountered significant challenges? How did you maintain your drive, and what changes did you implement to adapt?"

- Have your methods for maintaining drive and focus evolved over time?
- Can you share a specific instance when staying motivated was particularly challenging for you? How did you overcome it?

Setting and achieving goals is crucial. How do you set goals for your business? (Goal orientation: this is a good question!)

- How often do you change your goals, and what makes you decide to change them?
- Can you give an example of how a positive mindset helped you navigate through challenges or setbacks in achieving your goals?

Reflecting on your journey, can you share specific attitudes or behaviours, like a positive or negative mindset, that has been crucial for your venture?

Outcomes

- Has your way of staying positive changed as your business has grown?
- Thinking about the major milestones your venture has achieved, what beliefs or attitudes do you think were crucial?
- Can you talk about an achievement of your venture that exceeded your expectations? What do you think made that possible?
- How do your personal beliefs and attitudes shape major decisions in your business, especially when facing uncertainty?

Looking back, how have your expectations and confidence in your venture's potential impacted its development and your strategies?

How have your perspectives and approaches to entrepreneurship evolved from when you started to now? (Reflective growth)

- Can you describe a significant shift in your perspective or approach towards entrepreneurship that occurred throughout your journey? What contributed to this change?
- Looking back, how have your methods for facing challenges and obstacles evolved? Could you share an example of a recent challenge and how you approached it differently than you might have in the past?

How have your goals and values as an entrepreneur changed from when you first started to now?

Evolution

- If you dive deep into your feelings, how do you think your view of entrepreneurship has changed over the years? (compared to your childhood, before starting the venture, during the start, and until today)
- Are there any particular experiences that influenced these changes?

Future: Looking forward, how do you think your attitude towards entrepreneurship will be in the future (like 5, 10, and 20 years from now)?

Do you think you have a high or low level of optimism, and how do you think this has impacted your entrepreneurial journey?

- Do you think it is a benefit or a disadvantage?
 - Do you think your level of optimism has changed during your entrepreneurial journey (like before you became an entrepreneur until now); why?
-

Is there anything else that you have thought about during this discussion that you would want to add?

Closing

So the last question; If you only can answer in one sentence: **What is the best advice you would give to someone just starting their entrepreneurial journey, based on your own experiences? One sentence.**

Thank you for your participation. It has been highly appreciated and your contribution will be valuable for our thesis.

If we would come up with further questions after transcribing the material; is it okay to send an email or book a short meeting?

Appendix B - Non-disclosure & Consent Agreement

Non-Disclosure and Consent Agreement for Thesis Interview

We are students at the School of Economics and Management, Lund University, currently working on our thesis, which explores changes in attitudes towards entrepreneurship throughout the entrepreneurial journey. To enrich our research, we seek to interview you on this subject. With your consent, and our confidentiality commitment, we intend to record the interview for subsequent transcription.

The recording is considered personal data, processed with your consent. You have the right to withdraw your consent at any time, without needing to specify a reason, by contacting us using the information below. However, withdrawing your consent will not affect the processing that occurred before the withdrawal. We will retain your signed consent until it is no longer relevant, i.e., until the recording has been deleted, which will occur after the thesis is approved and the grade is registered. ‘

Interviewers Commitment to Confidentiality

The interviewers agrees that all information will be handled confidentially. Access to the recorded/transcribed material will be limited to the interviewers, the thesis supervisor, and the teacher/examiner assessing the thesis at the university. The interviewees identity and the information provided will be kept confidential. This includes, but is not limited to, all oral or written information, documents, data, notes, or insights obtained during the interview.

Interviewer 1	Interviewer 2
Place/address _____	Place/address _____
Date _____	Date _____
First & last name _____	First & last name _____
Phone number _____	Phone number _____
Signature _____	Signature _____

Consent of Respondent

I hereby confirm that I have received written and verbal information about the study and agree to participate. I have been provided the opportunity to ask questions about the study and have received satisfactory answers. I have been informed that the data collected about me will be treated with confidentiality, ensuring that my identity will not be disclosed to unauthorized individuals. I am aware that my participation is entirely voluntary and I reserve the right to withdraw my participation at any time without the need to provide any explanation.

Place/address _____

Date _____

First & last name _____

Phone number _____

Signature _____

Appendix C - Interview Quotes

Table C:1
Antecedents

Second-order themes	First-order concept	Quotes
	<i>Family Influence & Entrepreneurial Culture</i>	<p>(1) "My dad has also started his own things. Nothing has really taken off, but he's always started his own projects, and maybe that has contributed something".</p> <p>(2) "Then I grew up and come from an entrepreneurial family, with a father who has run web-tech companies for many years and so on. So that has certainly influenced me in some way during my upbringing, of course".</p> <p>(4) "I think it has to do with my family, actually, since everyone is an entrepreneur in my family. And that was like, that highly motivated me into looking for something different and becoming my own boss in that sense".</p> <p>(5) "So my whole family, I'm not necessarily saying they're all entrepreneurs. They're all businessmen or women. Some of them are entrepreneurs".</p> <p>(2) "You grow up in an environment where you have a lot of entrepreneurship around you. Maybe you come from an area where many are doing fairly well. So it affects you somehow in the end. And I also have that background. So it has influenced me there as well. I don't feel that it directly would have influenced me. But it's there somewhere".</p>
Upbringing & characteristics	<i>Personal Drive and Resilience</i>	<p>(1) "When I was younger, I cycled from Sweden to South Africa and have also cycled through the USA".</p> <p>(1) "I'm damn persistent and I'm damn stubborn".</p> <p>(7) "I've been so damn driven from the start".</p> <p>(4) "My brother told me as well, it comes from the inspiration. For each second you do not work, someone back in India will surpass you".</p> <p>(5) "I think it's a combination. First of all, I think it's inherent. I've never seen it any different. It's the same for my family. My dad can't stop working either. My grandpa can't stop working either. So I think it's a genetic thing to start off with".</p> <p>(7) "You have to have an enormous ego that is super inflated to believe in yourself when no one else does".</p> <p>(4) "I've always been somewhat entrepreneurial by myself".</p> <p>(8) "I always have an overly positive attitude".</p>
	<i>Environmental & Cultural Impact</i>	<p>(4) "Yes, and it's also due to the fact that I'm here in Sweden and here you can take risks".</p> <p>(6) "The first time I lived in the USA, and there they have a completely different attitude towards entrepreneurship. Then I come from a culture where people might be a bit more cautious, where my family thinks it's safer with a job".</p> <p>(6) "It was a bit of a mixed bag, but I was lucky that during my first journey when you are a bit extra naive, I was surrounded by Americans who were 'go, go, go'".</p> <p>(4) "A hundred percent. Sweden is very unique as a country. I've been traveling a lot, doing business in different countries. And I'm especially comparing it to the Middle East, where there's a lot of money. You cannot even fathom. They don't even know what risk is because they can throw money. But here in Sweden, the differences between Sweden and the Middle East, for instance, is the fact that they will listen to you even if you are a little boy. From a young age, people will just look at you and try to understand, okay, what is he trying to communicate here? An idea? If I were in Iraq, they would slap me. They would say, come on, you're 43 and then we can talk".</p>
Internal drivers of optimism	<i>Personal Satisfaction and Passion</i>	<p>(1) "I feel that I somehow get to use my knowledge, or what I know, to be able to do things that people want to use. There's a drive in creating something of your own in some way".</p> <p>(4) "I think for me, it's spirituality and religion. It's the only thing that I'm having like that is actually keeping me in line. Oh, thank God for that. Actually, our prophet was a merchant. He was a businessman. And he said one thing, explore life through doing business".</p> <p>(6) "I'm driven a lot by motivation. I find it hard to work for something I don't believe in, to represent something that you might not be able to stand behind and so on".</p>

Inspirational influences	<i>Curiosity and Exploration</i>	(3) "I've always just thought it was fun. Everything I've done business-wise I've done because I think it's fun and challenging".
		(3) "You were influenced by everyone having the same drive, to test and do things. To do things that no one else had done before. Be first. Be fastest. Simply".
		(8) "And now when I see how incredibly happy we make hundreds of startups that do magical things".
	<i>Drive to Impact and Influence</i>	(6) "I personally have a mantra that I live by. No one remembers a coward".
		(3) "I don't know. It's so vague most of the time. Not even my own family knows what I do. It would have been fun with something more concrete. 'We built this', Spotify.. That would have been fun. Then it's almost a bit narcissistic. Why do I want to do it? It's just for an egocentric view. Then people would understand what I do. But it's completely pointless. It gives me nothing more than that others understand what you're doing. It's a strange vision to have".
		(6) "But it's about freedom".
	<i>Autonomy and Control Over Destiny:</i>	(8) "It's terrible. And that's what happens if you just go to the factory and do your tasks and then you've made four bookshelves by the end of the day. And they are exactly the same as the day before. That's death to me. There must be a new problem to solve. This morning I had to learn how to do new lookup functions in Excel because you had to deliver it to a customer who needed it. And I hate Excel".
		(3) "I'm driven by learning new things and solving problems that others haven't managed to solve. Doing it in a new way. Thinking a little outside the box".
	<i>Intellectual Stimulation and Challenge</i>	(8) "There must be a new problem to solve".
		(6) "Thirdly, I think that many, I'll speak for myself here but I have many other entrepreneurs I've spoken with. It's a bit about this intellectual challenge".
	(8) "It inspired me when I have to spend all my time solving all the problems".	
	(6) "It's a bit about this intellectual challenge. It's like a competition".	
<i>Need for Recognition and Validation</i>	(3) "One of the ambitions I have, if you should have one, is to have a brand that people recognize someday".	
<i>Financial Considerations</i>	(2) "I don't start companies in the hope that it will make me rich. Absolutely not. Yes, it was important that there would be a large financial upside in the future if things go well. But the most important thing for me has really been that I do what I'm passionate about".	
	(6) "And of course, this economic factor is a driving force".	
	(4) "We aim to be, so we really want to enter NASDAQ Stockholm by 2027 with this concern and to grow our valuation to over 200 million SEK by that time".	
<i>Role Models</i>	(1) "And then I read Bill Gates' first biography 'The Road Ahead' early on when I was little, and that was something I thought was cool".	
	(4) "Sam Altman that we have currently. I follow him in every single step that he does because he's in the same field as me right now".	
	(5) "My role models were those people that did something with wildlife. Preferably Africa".	
	(7) "But Jonas ran a number of different companies. Framfab was one of the big dot-com rockets in the world".	
	(4) "And now I have mentors who are Swedish philanthropists. They're like done with life, basically, as I tell them. And they're usually lovely, but they have been guiding me into how to actually work smart. And it's quite a fun thing, actually. You guys should look into it. Swedish people, they actually became super rich in the 80s. It feels like they lived in a different society almost. And they're very inspiring".	
	(6) "At the same time, there were many around me in that world who had their own businesses. And it was very inspiring to see and encouraging".	
	(8) "My absolute favorite quote. From Aaron Schwartz. He founded Reddit. He was hunted by the FBI. Because he liked to share information. He said, if you are not working on the most important thing in the world, why aren't you?"	
<i>Early Entrepreneurial Activities</i>	(3) "So already in school, when we talk about primary school, I was going to Denmark and buying witch howl, which are like firecrackers but without the bang. Bought those, they were cheap in Denmark, so I sold them in school from my locker".	
	(5) "So one of my hobbies as a kid was keeping and breeding birds. So I would breed them and then we'd sell them".	
	(5) "And then after a couple of months at that gig work, took it to all seasonal working tourism. Then I got a really good understanding of why they made certain choices as an entrepreneur".	
<i>Educational Influences</i>	(4) "When I went to LU Innovation and they took me in and they had like for one year just guiding me and then giving me money to do stuff and then it goes well and I paid it back through taxes, of course".	
	(1) "As I said, when we studied this at Chalmers, we were always supposed to aim to have the world's largest company. I no longer have those goals but think it's more nice to start fun smaller companies".	

(1) "When we studied at the School of Electrical Engineering at Chalmers, we were supposed to learn

Personal challenges & adventure

(1) "When I was younger, I cycled from Sweden to South Africa and have also cycled through the USA".

Table C:2
External influences

Second-order themes	First-order concept	Quotes
	<i>Mentorship, friend and family support</i>	<p>(6) "[...] I was more dependent on the environment, possibly also providing a different kind of moral support, psychological support [...] You will get through this. [...] It's necessary to hear this from the surroundings in a different way. Simply because it is reassuring and provides a moral boost".;</p> <p>(2) "[...] I might feel that I lack sufficient knowledge in a certain area, and then I seek advice from other people whom I know are more knowledgeable in that field than me [...] whom I believe are better to consult than making the decision myself".;</p> <p>(5) "If they're business things, I'll talk to friends, fellow entrepreneurs, to get their insights on it [...] But if I really feel that's an inherent thing, if it's just me, then I call my mom or my brother [...] then they rationalize myself and my thinking".</p> <p>(1) "It's often people close to me who are more encouraging and highlight the good things that I myself don't think about.</p> <p>(3) "[...] And then I get a lot of judgmental looks from the outside, [...] it looks like a failure".</p>
Social Modifiers	<i>Team dynamics and collaborative experiences</i>	<p>(6) "it was a little extra boost that I did it the first time with two colleagues, so I wasn't alone from the get-go".;</p> <p>(4) "[...] doing this with my friends. And that is keeping me going".</p> <p>(3) "It is very important, as mentioned, to tackle challenges together. [...] My colleague Adam and I support each other through challenges and celebrate successes together. Finding someone to share the journey with is crucial for tackling challenges and enjoying successes".</p> <p>(2) "[...] it's important to be part of a team. There will always be downturns. Even though some people might tend to handle these downturns with a flick of the ankle and not care too much. But having a good team is crucial".</p> <p>(7) "You need good people who matter. [...] Who complement each other and get things done".</p> <p>(4) "[...] doing this with my friends. And that is keeping me going".</p> <p>(8) "I always have an overly positive attitude. And it does backfire sometimes, especially when I've used that positive attitude to trust people who shouldn't be trusted. Another cliché is that the team is the most important thing. And the team really is the most important thing".</p> <p>(6) "It gives a bit of extra confidence when you haven't done this before, that there are a few of us together who can share the burden, share the joy, but also share the risks. So that was definitely a bit of an extra push. I don't think I would have done it if I had been completely alone".</p> <p>(4) "my co-founder is extremely defensive and restrictive. The combination of us both is actually what has set our company forward".</p>
	<i>Cultural influences</i>	<p>(6) "The first time I lived in the USA, they had a completely different approach to entrepreneurship. It was enough to have a half-baked idea, sometimes even less, and everyone thinks it's very exciting, very cool, very brave. So there is a lot of encouragement from your environment. [...] but I was fortunate [...] to be surrounded by Americans who were all about "go, go, go".</p> <p>(4) "Third part, there are so many resources here and they believe in you. When I went to LU innovation and they took me in and they had like for one year just guiding me and then giving me money to do stuff and then it goes good and I paid it back through tax, of course. It's so beautiful that we have those kind of resources here. I don't think they exist in many places in the world. So we're quite lucky".</p> <p>(4) "Sweden is very unique as a country. I've been traveling a lot, doing business in different countries. And I'm especially comparing it to the Middle East, where there's a lot of money. [...] But here in Sweden, the differences between Sweden and Middle East, for instance, is the fact that they will listen to you even if you are a little boy. [...] If I were in Iraq, they would slap me. They would say, come on when you're 43 and then we can talk".</p>
Feeling of security and risk	<i>Impact of external funding</i>	<p>(8) "It's when you manage to convince someone to invest 200 million kronor in your product. And then you get to build it and it becomes a reality. Those moments are... You have your own life-defining moments and memories".</p> <p>(3) "Many companies with too much external capital become inefficient and burn through money without the necessary struggle".</p> <p>(3) "And that's because they haven't gone through this tough phase. Instead, these are entrepreneurs who have just slid through on a banana peel with external funding. And then you don't fight as much. You don't understand the value of it. You just burn through it".</p> <p>(1) "It feels like there's a competition to secure as much venture capital as quickly as possible. [...] You haven't verified your business idea yet; you need to see if it works at all".</p>

	<p>(2) "What's the worst that could happen? The company goes bankrupt. What happens then? I have business insurances that I've signed up for. [...] I have insurances that will support me for three, four, five months. And it's very likely that I'll find another job during that time. So that's the worst that happens".</p> <p>(4) "My brothers, like since they're 10 and 14 years older than me, when they were back in Iraq [...] I don't think they had that opportunity to take those risks. But for me, with a family with an educational family, I got support from them. [...] I felt like it would be a shame if I did not take any risks".</p>
<i>Financial safety nets and backup plans</i>	<p>(3) "And we can have a very relaxed attitude about it today, simply because we have the money now".</p> <p>(4) "So I felt for the first time secure, both monetary wise, having a roof over my head and everything. I got that out of the way. Now I'm thinking in other steps, how do I scale this?"</p> <p>(9) "We want to achieve a stable economy so that we can act on everything we want to do."</p> <p>(6) "Now that I am significantly older and have a different life situation, looking back on my journey over the last two and a half years, the economic factor was perhaps not as driving. It is definitely still a driver, but I've progressed in my journey and perhaps do not have the same dependency on money as when I was 20 or 25".</p>
<i>Dual commitment challenges</i>	<p>(3) "Working a job 80% and running my business 20% means I can't give all my focus to the business, diminishing my chances of success"</p> <p>(7) "And if you're too comfortable otherwise, you end up with golden handcuffs"</p> <p>(3) "[...] the major problem with golden handcuffs is that once you've secured a job that pays well, why would you take this risk on the side?"</p>
<i>Impact of customer feedback and market validation</i>	<p>(1) "It's a day-to-day thing. Sometimes you feel like things are going incredibly well, that this is the best product in the world. And the next day, you might get negative feedback from a customer and feel like you just want to shut the company down".</p> <p>(3) "[...] we thought it would be a hundredfold [...] But then when we started out a bit, we thought it would be a millionfold. It would be so much bigger because now we have received confirmation from the market and investors and that everyone likes it".</p>
<i>Business performance</i>	<p>(3) "So when the numbers improve, it's easier to dedicate time and focus to the tasks at hand in the companies. But if the numbers were to go down instead, it doesn't help at all; it's the opposite, almost counterproductive".</p> <p>(1) "We could have ten new customers, and the loss of one could make me feel worse instead of happy about the ten gained".</p> <p>(2) "When you face too many setbacks in a row, it's really disheartening. You need some positive news to get a little mix. And to create hope. If you've just encountered one setback after another, no matter who you are, it's incredibly hard to recharge. [...] we occasionally need some joyful news to help keep the motivation up, and you can live on those for quite a while".</p> <p>(3) said, "And as long as things keep getting a little better all the time, it's much, much easier to maintain motivation".</p> <p>(1) "You might have made a great sale to a customer";</p> <p>(3) "You can actually measure things; you can measure how many new customers you have, you can obviously measure the money, you can also measure how many use the system every day, or visit, whatever it is that this company does. And it makes it a bit more fun because it doesn't feel so abstract. It becomes very concrete. Today we had a 10% increase in downloads of our system; we've done something right. And it works the other way too; when it goes down, it takes some of your energy. [...] When you get that little dopamine rush and think, 'look, what you're doing actually works,' then you keep going. You work a bit more. You get a bit more energy".</p>
Influential events	<p>(6) "It was the first time. We were just happy to be in the game. And there and then when we won the deal, wow! That was fantastic. That deal was probably ten times larger compared to the second largest deal we had won in the first nine months".</p>
<i>External conditional events</i>	<p>(8) "One of them was when Donald Trump became president. Tariffs were imposed between China and the USA. And it just undermined the entire business model we had at that time".</p> <p>(7) "It's been damn challenging if you consider COVID. When it arrived, everything just stopped for a period. [...] And then the Russians invaded Ukraine, and then we took the next hit".</p> <p>(5) "Bird flu happens. Birds die. Shit. [...] Then you've got the government that says, 'fuck, we're going to kill birds within a 200-mile radius of that outbreak.' [...] Whatever happens on the farm, if it's my fault or if it's an external thing and I need to take action to do something about it, that's fine. Someone else is telling me what to do. The emotional parts might... I will explode very quickly".</p> <p>(3) "Suddenly Google decided, no, we're shutting down this whole industry. Because the authorities provide this service, private companies are not allowed to do it. They cut us off. That caused our company, which had a turnover of 15-20 million kronor, to lose it in revenue overnight. From one day to the next";</p> <p>(2) "[...] Corona came, then we took the first hit there. As soon as it settled down after a year and a half, the war started and the interest rates followed. [...] I'm about to say that it</p>

might feel a little less optimistic today[...] I know that might not be true but it could also be because we are in such a period right now where we are trying to raise money and it feels damn tough and it's tough to get the money, and it feels like it's hard to get the money at the moment".

(2) shared insights on the positive external economic effects: "When I founded the companies, it's important to remember that it was during good times. There was an economic boom. It was a prosperous period, good times for businesses in general, both for starting companies and for existing ones. Stock prices were at an all-time high and many companies were looking to start new ventures and needed funding. Relatively speaking, I definitely think it was easier to raise funds back then compared to today. In some ways, I believe that when I started both companies, maybe we were a bit, I wouldn't say spoiled, but it was somewhat easy to get what we needed initially".

Table C:3
Internal influences

Second-order themes	First-order concept	Quotes
		(8) "There is so much to do. So I look one year ahead and see what needs to be done here. And then I look one month ahead and one day ahead. And then I have a list of things I need to do. [...] And if you were to think about setting up all the things you had to do to succeed, I think no one would have done it. [...] It's too much".
	<i>Realistic goal setting</i>	(3) "And it's a dangerous thing with these long-term goals too. And it has to do with if you're going to run a marathon and you have that as a goal. It's very far. Instead, you have to look at the next kilometer all the time. [...] It's easier to motivate yourself then. Plus, you know more about what you actually have to run. And therefore, it's not wrong to have some kind of visions and goals, absolutely not". (1) "As long as things are better than last year, I am very happy" (9) "They want to know exactly what they will be doing in three weeks. But that's not how it works here. We have something else happening tomorrow. So, constantly, it's like we have a... I don't know what to call it. It's a prioritization list, in a way, to get a sense of what is important and what isn't important to do right now. And it's always there. But suddenly, something can jump to the top for a reason. So, a new thing is always coming up."
		(2) "I focus on what I can influence, and then I act on it. To improve or change the situation. [...] I try not to dwell too much on things I cannot influence myself. If I can't influence it, there's no reason for me to invest energy in it. Instead, I focus on what I can affect. What can make a difference for me. [...] Even if I were to fail with these companies, I believe there will be so many other opportunities";
	<i>Focusing on positive outcomes</i>	(1) "You might focus on something else and then just let go of the negative thoughts and try to push through them. I've gotten better at this over time". (3) "You know, this report is going to spit out a number in the end that you don't want to see because you know it's bad. But you avoid doing it". (6) "I would almost say that when things are at their worst, I've benefited the most from this positive attitude. Then it has been most apparent. When everything is going smoothly, you take it for granted and don't think much about it. [...] If you have a positive outlook, you see more opportunities even in a crisis situation". (4) "Emotions will get you killed in the entrepreneurial stage. That's something that I noticed as well. So try to keep it out there. Stay "objective", as we call it in Swedish. Very important".
Optimism enablers and sustainers		(3) "If we don't solve this, we're dead. If we do, it's gold and green forests again. It's not worth pondering whose fault it is or what's happening. We solve it now. [...] But it's very challenging. And it's more about one's mental strength in getting through things. It's easier when things are going well".
	<i>Strong mindset</i>	(6) "And the attitude for me was just that there is no other way out. You can't stay here, you can't lie down here, you can't give up. Because then it just gets worse for a longer period. Even if it might feel comfortable there. I usually compare it when I talk to other young entrepreneurs. It's like peeing yourself. Now that sounds really strange. Yes, but it might feel a bit warm and comfortable, maybe in the pants at first. But it becomes really awkward afterwards. Are you going to walk around with wet pants and it's cold and it looks a bit funny. You simply have to hold it until you get to the toilet. It might hurt in the stomach and bladder and so on. It's a bit the same with entrepreneurship. You have to think long-term. And there and then it was just some kind of, lacking a better word, a 'grit mentality'. [...] You somehow have to remind yourself and each other why you're doing this. [...] This positive attitude is perhaps strongest when it's at its heaviest. Then you have to find some other inner strength". (7) "Instead, there's an expectation that you yourself have to do it. Otherwise, it won't happen. At least not at the pace you expect. So that's one part of the equation. That you have to be driven yourself. Otherwise, nothing happens". (8) "What doesn't kill you makes you stronger. You just have to stand still and not die. So it's just about pushing forward".
	<i>Not overanalyzing and dwelling</i>	(2) "Sometimes you shouldn't overanalyze. Very often, quick decisions are important". (6) "You can't overanalyze things; instead, you must build"
	<i>Blaming external factors</i>	(6) "While it's easy to blame market conditions or competition for our struggles, I find it more productive to focus on what we can control and learn from every situation". (3) "The classic way to handle grief is to blame others. It was everyone else's fault. It was your fault. It was Google's fault. It was God's fault".
	<i>Routines and health management</i>	(2) "I stick to my daily routines. I take care of my diet, my exercise, my health. Make sure I sleep well. [...] You can certainly link it to health context; I take care of my health, I exercise regularly, I do all sorts of things. Of course, it also helps to influence stress and management. So it clearly also matters overall. [...] When motivation is low, if you let the routine take over, if you have a well-established routine about the plan, then follow the plan and it will eventually ease. You just have to get through a period" (5) "So coping mechanisms, you asked. First of all, sleep. Make sure you get enough sleep. Exercise, you need to have your exercise. Good food, healthy food. Reflection, take time to reflect. And I'm using saunas for the combination. So sauna is your mental and physical

		<p>wellbeing, cold bathing and bathing with that as well. And it gives me time to reflect. And if I've got no reading, it's the other one because that's sort of the reflection part. So if you've got those in balance, then I know that I'm fine".</p>
		<p>(3) "Like, shit, are we going to get out of this hole?"</p> <p>(6) "We've never done this before. How do you do this? So there was always a kind of uncertainty. There were doubts. [...] Will we succeed? I don't know".)</p>
	<i>Self-doubt and pessimistic projections</i>	<p>(1) "I am always extremely pessimistic when I set my goals [...] I have pessimistic goals. Somewhere in the back of my mind, I might realize that it will turn out better than it actually does. But I find it more comfortable to have low expectations"</p> <p>(1) "[...] when things have been going very well for a while, you know that it will soon start to feel like it's going badly again. Because it always cycles like that; it's almost like when it's been going very well for a while, you can feel that okay, it's going to start getting worse soon. [...] you almost consciously start to feel that it's going down soon".</p> <p>(3) "But it's such a business development curve that you may have studied too. Then you have your counterphase. It goes quite well to begin with. Then it flattens out a bit, then it goes down".</p>
Optimism diminishers		<p>(5) "I had five burnouts. So I know where the limit is. Could that be a challenge? Yes. Is it a challenge that you immediately consider when you start entrepreneurship? I'm not really sure. Some people might, because they have friends, for instance, who have gone through it, so they understand the work and effort involved".</p>
	<i>Emotional reactions to setbacks</i>	<p>(1) "And the next day, you might receive some bad news from a customer and feel like you just want to shut the company down".</p> <p>(7) "But I can say this, one piece of advice I give to other entrepreneurs and to people who say they want to become entrepreneurs is that if you're not ready to eat a shit sandwich for breakfast, then it's not the right job for you. And it never just rains. It always pours. These are two expressions that an entrepreneur must feel very comfortable with because it's always tough".</p> <p>Informant 1: "Sometimes you might focus on something else and then just let go of the negative thoughts and try to suppress them. I've gotten better at this over time. In the beginning, it was very much like that. Then I felt like I had to shut down the company every other day because I just wanted to expand like crazy".</p>
	<i>Regretting past decisions</i>	<p>(6) "There were doubts [...] I should never have done this,"</p> <p>(8) "And sometimes it turns into a 'cybertruck.' That's just how it is. Sometimes it just goes completely wrong. And then you're standing in a 'cybertruck' that rusts and goes bad".</p>
	<i>Pattern recognition</i>	<p>(6) "Because the underlying optimism at the beginning was similar to a hope. It could be tied to something you hope for. Today's optimism is perhaps more tied to some form of realism. Because one has seen over the years how it can turn out. One recognizes patterns, understands business in a different way. So, one has a bit more experience, a bit more data and history. And bases this optimism on what it can actually be like. So there is obviously a big difference".</p> <p>(3) "But it has to do with the experiences. We have been in this situation before. I know it can be resolved. Even if it's a completely new thing, a new problem that occurs, still, the effect of it is the same".</p>
	<i>Preparation for cyclical challenges</i>	<p>(1) "A lot of it is also because now we've been doing this for almost ten years on and off, and you know it's always going to be a roller coaster. Even if the trend is upward, there will always be peaks and troughs. Then you know that when you're on the way down into a trough, it's just going to be like this for a little while and then it will get better soon".</p>
Experience and Adaptation	<i>Risk awareness</i>	<p>(3) "Today, we have a better assessment of risk, [...] I firmly believe that it is built largely on the experience we have. That we have been in similar situations before. We will just have to remember that. [...] But we feel that we have enough knowledge in enough areas and experience to make these decisions as well as possible. And make mistakes and then learn from them".</p> <p>(4) "I'm jumping into so many different problems. I'm not feeling hyped".</p> <p>(2) "When you face too many setbacks in a row, it's really disheartening [...] If you just encounter one setback after another, no matter who you are, it's incredibly hard to recharge".</p> <p>(3) "I see a lot of risks. So I'm very negative about this not going to succeed. And I think that's based a lot on experience".</p> <p>(6) "Because the underlying optimism at the beginning was similar to a hope. It could be tied to something you hope for. Today's optimism is perhaps more tied to some form of realism. Because one has seen over the years how it can turn out. One recognizes patterns, understands business in a different way. So, one has a bit more experience, a bit more data and history. And bases this optimism on what it can actually be like. So there is obviously a big difference".</p>
	<i>Naivety</i>	<p>(3) "And being naive. There's no clear step where we're no longer naive, where we no longer make foolish decisions. It just evolves, but it's necessary in the beginning".)</p> <p>(6) "It's almost nice not knowing all the troubles and issues that come with running a company [...] Personally, I find there is a charm in youthful naivety. [...] It was a bit of a mixed bag but I was lucky that on my first venture I was a bit more naive".</p> <p>(3) "Taking a naive approach at the beginning. Being naive and optimistic is important because otherwise, if you bring in the global factor, you will fail. [...] That's why it's so fun that Gabriel, as he's called, I let him be naive and believe that his company will soar. That's the image he has seen. That's what he believes entrepreneurship is about. But he clearly has the drive. He has the grit. He's innovative and tries new things and works hard for it. He doesn't</p>

know, but I know his company will go to hell. But it doesn't matter. [...] They are overjoyed, driven, and positive now. They have this 'entrepreneurial naivety'".

(9) "It must have taken at least five years before we realized it. Sometimes you think you have the best idea ever. [...] but it's still not good enough."

Adaptability

(6) "Usually, you start with a hypothesis, a concept you work from, where a bit of naivety comes into play. You believe the problems look like this, the solutions will look like this, and then you go for it. As you progress, you have to pivot, to change, to adjust. This evolves over time through all these dialogues and interactions and so on. The market may move in different ways, so it's perfectly okay not to have all the answers from the beginning".

(3) "And you make mistakes and then you learn from them".

(4) "You actually tackle the obstacle, you actually grow as a person, because each obstacle is annoying, but you grow as a person. And then you realize it and you think, oh, that's quite fun"

(8) "It was a bit tough that it turned out so bad. But there were a lot of lessons learned from it".

(3) "We have been in this situation before. I know that we can get out of it".

Table C:4
Manifestations

Second-order themes	First-order concept	Quotes
Persistence and resilience	<i>Endurance through challenges</i>	(1) "Well, there were times when I thought, 'This isn't going to work.' But I kept pushing forward because I believed in the vision and the impact we could make". (2) "We faced many obstacles, but giving up was never an option. We had to find solutions and keep moving". (3) "Every time something went wrong, I saw it as a learning experience rather than a setback". (4) "Challenges are a part of the journey. They test your resolve and make you stronger". (5) "There's no such thing as a challenge. That's a temporary thing". (6) "There's always light at the end of the tunnel". (7) "And I have had five burnouts, so I know where the limit is. It can be a challenge, but I know that if I just take care of myself, I will be able to overcome them".
	<i>Grit and perseverance</i>	(1) "It wasn't easy. There were many sleepless nights and moments of doubt, but perseverance paid off". (2) "I think grit is what separates successful entrepreneurs from the rest. It's about pushing through even when things get tough". (3) "You have to be willing to endure and keep going, no matter how hard it gets". (4) "Perseverance is key. Without it, you won't last long in the entrepreneurial world". (5) "First, it happens. And yet there's always a solution. The obstacle is the way". (6) "My honest answer to that question is that I have no idea. And many people ask, 'How do you cope with these setbacks? I would have given up after three times.' I don't know, I just do it. It's just head down and keep going". (7) "You need to have an enormous ego that is super-inflated to believe in yourself when no one else does".
	<i>Resilience in the face of failure</i>	(1) "Failures are just stepping stones to success. Each failure taught me something valuable". (2) "Resilience means bouncing back every time you fall. It's about never letting failure defeat you". (3) "I've had my share of failures, but each one made me stronger and more determined". (4) "Failure is part of the process. It's how you respond to it that defines your success". (5) "I think one question you didn't ask is my... So, I'm single, which gives me all the freedom to do all these things and have this positive view and just plan and everything. The moment that you've got a relationship, all my answers are off the table". (6) "I have always had a very positive attitude. And it has punished me sometimes, especially when I trusted people who shouldn't be trusted". (7) "And when I look back at decisions I made that were not correct, that's also something I see as a strength. I can change my opinion. I don't hold onto my views. If I get enough information, I change. And I have no problem with being wrong".
	<i>Long-term perspective</i>	(1) "We always kept the bigger picture in mind. Short-term setbacks didn't deter us from our long-term goals". (2) "It's important to have a long-term vision. It helps you stay focused and motivated". (3) "Thinking long-term is crucial. It's not about quick wins but sustainable growth". (4) "Our long-term perspective helped us navigate through tough times and stay committed to our mission". (5) "You have to think long-term. And there and then it was just a kind of, for lack of a better word, a 'grind mentality'. You have to get through it. It's like when you have a stitch while running. You have to run through it".
Visionary thinking and drive	<i>Future Vision</i>	(1) "I always had a clear vision of what I wanted to achieve. That vision kept me going". (2) "Our vision was to revolutionize the industry, and that's what drove us every day". (3) "Having a future vision is essential. It gives you direction and purpose". (4) "Our long-term vision is what kept us focused and on track". (5) "And now, with these different lenses that I have, I can see that they made those choices because of their ecological worldview". (6) "My absolute favorite quote is from Aaron Swartz. He founded Reddit. He was hunted by the FBI because he liked to share information. He said, 'If you are not working on something that is most important in the world, why aren't you?'"
	<i>Sustained motivation</i>	(1) "What kept me motivated was knowing that our work could change lives". (2) "Seeing the impact of our work on people's lives kept me going". (3) "The motivation comes from seeing the difference we make". (4) "Our motivation was sustained by our belief in our mission". (5) "I never wanted to become an entrepreneur. Also, I would never call myself an entrepreneur. I'm using entrepreneurship as a tool to affect stuff". (6) "Unfortunately, most entrepreneurs I initially admired turned out to be jerks. But there are still those moments when you convince someone to invest millions in your product, and then you get to build it and see it become reality".
	<i>Persistent drive</i>	(1) "The drive to succeed and make a difference is what kept us pushing forward". (2) "Our drive was fueled by our vision and the desire to make a change". (3) "Having a strong drive is essential for overcoming obstacles". (4) "The drive to achieve our goals kept us going, even when things got tough". (5) "I think the word you need to change. Yeah, because now it changes the question massively. I'm optimistic because I'm realistic about my own resources". (6) "And so the drive and the vision and the impact we wanted to make... that's what kept us going".
Risk-taking and decision-making	<i>Calculated risktaking</i>	(1) "We took risks, but they were always calculated. We made sure to do our homework first". (2) "Taking risks is part of being an entrepreneur, but you need to be smart about it". (3) "We were willing to take risks, but they were always based on careful analysis". (4) "Risk-taking is necessary, but it needs to be calculated and well thought out". (5) "It's gut feeling. 100% gut feeling. It comes back to your emotional part".

	(8) "I bet not on black or red but on the zero on the roulette table. And then you just go for it".
<i>Prepare for potential failures</i>	<p>(1) "We knew that failure was a possibility, so we always had contingency plans".</p> <p>(2) "You have to be prepared for things to go wrong and know how to handle it".</p> <p>(3) "Preparation for potential failures is key. You need to have backup plans".</p> <p>(4) "Expecting and preparing for failure helps you to bounce back quickly".</p> <p>(7) "You must be willing to eat a shit sandwich for breakfast. And it never rains; it always pours".</p> <p>(8) "You have to be prepared for setbacks. Sometimes things don't work out as planned, and that's okay".</p>
<i>Intuition and experience</i>	<p>(1) "Our decisions were often guided by intuition, but backed by experience".</p> <p>(2) "Experience teaches you when to trust your gut and when to rely on data".</p> <p>(3) "Intuition plays a big role, but it's grounded in years of experience".</p> <p>(4) "Over time, you develop a sense of what will work and what won't".</p> <p>(5) "And yes, you can see the opportunities from an entrepreneurial standpoint, but you can also see the consequences of those potential actions".</p> <p>(8) "There have been many times where we didn't have enough data to base our decisions on. We just went with our gut".</p>
<i>Adaptive decision-making.</i>	<p>(1) "We had to adapt our strategies based on the changing market conditions".</p> <p>(2) "Being adaptable is crucial. You need to be able to pivot when necessary".</p> <p>(3) "Our ability to adapt quickly to new information helped us stay ahead".</p> <p>(4) "Adaptability is key in decision-making. You need to be flexible".</p> <p>(5) "Reflection, take time to reflect. And I'm using saunas for the combination. So sauna is your mental and physical wellbeing, cold bathing and bathing with that as well".</p> <p>(8) "And that's also something I see as a very big strength I have. I can change my mind. I don't hold on to my opinions. If</p>