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How Entrepreneurs Create High-Hope Environments

Six Themes for Leadership Behavior

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The study *for this article* found that the level of hope in an organization is contingent on the behavior of the leader/entrepreneur. The authors discuss six themes relating to the *behaviors of entrepreneurs* in high-hope and low-hope companies. Recommendations are made to entrepreneurs to leverage this unique approach for competitive advantages.

Introduction

Economists have been quick to recognize that entrepreneurship is vital to stimulating economic growth, creating employment opportunities, and improving communities. According to a report in *The Economist*, “Since the Reagan-Thatcher revolutions of the 1980s, governments of almost every ideological stripe have embraced entrepreneurship. The European Union, the United Nations and the World Bank have also become evangelists.”^[1]

As valuable assets to society, entrepreneurs need tools to support their business objectives—especially in a global economy where there is huge pressure to maximize output while minimizing costs. Constant demands to take on new challenges and quickly adapt to changing market demands are being placed on workers. However, as noted in *The Handbook of Positive*

Psychology,[2] the attempt to create lean, productive companies has had a negative effect on most employer-employee relations. Many employees have lost hope for a better future.[3] This loss of hope makes it difficult to create and sustain an environment conducive to maximum employee engagement and productivity and, consequently, long-term competitiveness.

Hope as a cognitive process helps people plan their future and pursue goals.[4] Hope has two important components—being proactive or exhibiting “agency” towards achieving set goals, and making plans or having “pathways” to achieve those goals. Having both agency and pathways produces motivation, the driving force towards making the objectives a reality.

A sense of “hope” (having both agency and pathways) is quite different from merely being “optimistic,” which in this context is viewed as having a generally positive outlook on the future but does not necessarily include the desire or the ability to do something to create that future. A 2017 study at Chicago’s Rosalind Franklin University of Medicine and Science found that while hope and optimism may contain unique properties of their own, “like musical instruments that can be enjoyed on their own, they can create an even more powerful impact when they harmonize together.” In other words, while having an optimistic view of the future is helpful, one’s ability to proactively pursue pathways that lead to goal attainment is greatly enhanced by the possession of hope as well.[5]

Entrepreneurial ventures are typically characterized by risk, stress, and uncertainty. Employees in such organizations are particularly susceptible to loss of security and burnout.[6] They often feel expendable and at risk of losing their future. Many see their work environment not as a place of hope, but as one of mundane misery.[7] Having a sense of hope may be one of the key elements contributing to the success or failure of an entrepreneurial venture.

Hope as a Competitive Advantage

In today’s demanding work climate, providing entrepreneurs and their employees with advantageous yet often overlooked tools to succeed is critical. One such tool is the creation of an environment of high hope. As Razeghi wrote in *Hope: How Triumphant Leaders Create the Future*: “Teach them about hope. Because whether deliberately or inadvertently, when leaders fail to communicate hope, their employees, owners, and directors lose faith not only in them but in the future.”[8]

The entrepreneur who is able to create and sustain an environment of high hope in the enterprise may develop employees who have greater resilience and adaptability in the face of rapid, ongoing change. Using the Hope Scale, a validated, self-report instrument that measures the dispositional hope of adults in various domains, Snyder, Cheavens, and Sympson showed that high-hope individuals are more productive and higher performing employees than low-hope individuals.[9] They are more likely to attain their goals, adapt easily when needing to change from one goal to another, and select more difficult goals than their low-hope counterparts. High-hope individuals also prefer difficult goals for their inherent challenges, divide big goals into achievable sub-goals, and focus on the process rather than the outcome. Individuals with high hope appear down-to-earth and likeable, excel at learning, and have increased energy and focus when facing obstacles to their goals. When working toward success in reaching a goal, they look at the strategy they used versus their level of talent. Their lack of narcissistic behaviors allows them, when confronted with failure, to view mistakes as feedback from the environment to make different choices.

Current Research on Hope in the Workplace

In 2013, Reichard, Avey, Lopez, and Dollwet conducted a meta-analysis that systematically reviewed the existing research on hope at work in order to determine the “true” relationship between hope and work outcomes.[10] Their project involved the meta-analysis of 133 effect sizes across 45 primary studies based on 11,139 employees. They found that the overall corrected mean effect sizes between hope and work performance and employee well-being were positive and statistically significant. In

fact, one practical implication of their study (based on utility analysis) is that employees higher in hope were 28 percent more likely than low-hope employees to have successful performance. In addition, they were 44 percent more likely than low-hope employees to experience positive health and well-being.

In 2011 a meta-analysis was conducted on the impact of positive psychological capital (efficacy, resilience, optimism, and hope) on employee attitudes, behaviors, and performance. The analysis included 51 independent samples totaling 12,567 employees. A positive significant relationship was found between positive psychological capital and employee attitudes, behaviors, and performance.[11] [12]

A survey conducted in 2001 by *Success* magazine is also instructive in terms of the relationship between hope and employee performance. A total of 125 companies ranging in size from 8 to 40,000 employees participated in this study. The top 10 companies in terms of employee hope levels were identified and their responses examined to identify the characteristics of high-hope businesses. Researchers found that high-hope firms were prospering. There was shared ownership of goals between management and employees, managers cared about employee job performance as well as employees' personal lives, employees were given the opportunity to communicate across various levels of the corporation, there was a high emphasis placed on integrity, and there were very low employee turnovers rates.[13]

In 2003, Peterson and Luthans conducted a study of 59 managers of a large chain of well-known fast-food franchises. Each manager completed the Hope Scale[14] and was placed in the low- or high-hope category based on the results. In addition, the managers' subordinates completed a job satisfaction assessment. The results indicated that operating units led by high-hope managers had significantly better financial performance and employee retention and higher worker satisfaction than those of their low-hope counterparts.[15] This exploratory study showed the value of hope in the workplace and demonstrated the impact of positive leaders on performance.

Mansfield examined the levels of leadership hopefulness or the "hope index" of top leadership teams in the healthcare industry to determine if hope levels correlated with and predicted greater levels of employee satisfaction, engagement, and retention. [16] Participants in the project were chief executive officers, chief financial officers, chief operations officers, and chief nursing officers. Employee satisfaction, engagement, and retention were gauged using an employee climate survey. While it failed to confirm the hypothesis that leadership teams with high hope possess a higher level of employee engagement, the study did support a positive correlation between high-hope leadership teams and employee satisfaction and the likelihood of employee retention.

Research Methodology on Hope in the Workplace

This research project explored hope in the world of entrepreneurs. Building on foundational research that correlated organizations characterized by employee high hope[17] with improved business performance,[18] [19] [20] this empirical study sought to answer: What entrepreneurial behaviors lead to high-hope organizations?

Data were collected from 203 employees and 22 entrepreneurs in 14 firms, located in Utah, Arizona, and Texas, using both survey and interviews. All participants completed the Snyder Hope Scale[21] and then responded to a 12-question interview protocol developed for this study. Companies scoring one or more standard deviations below or above the total mean score on the scale were categorized into the low-hope or high-hope categories, respectively. Three companies were placed in the low-hope category and two in the high-hope category. Only data obtained from the 75 people in these two categories underwent further analysis.



This study explored the behaviors that promote hope in entrepreneurial ventures. Each leader/entrepreneur met the following definition:

- one who has full or at least significant partial ownership of a privately-held company (including franchises or cooperatively owned operations),
- is directly involved in the leadership of the organization, and
- who interacts with the workers of the organization on a regular basis.

Findings—Six Emerging Themes

A review of the interview data led to the identification of six themes relating to the similarities and differences in the behavior of entrepreneurs in high-hope and low-hope companies.

Theme 1: Co-creation and Co-ownership of Goals. The level of hope in an entrepreneurial organization is higher when the entrepreneur and employees co-create goals and share responsibility for their achievement. The company with the highest hope score best illustrated this finding. The entrepreneur leading this organization meets annually with each employee to co-create goals that are aligned with the strategies of the organization and the individual's professional development plan. Care is taken to create goals that will stretch the employee yet are achievable. Periodically, the entrepreneur checks in with the employee to discuss progress. Decisions are made about how to best reach these goals, and encouragement is offered by the entrepreneur to keep him or her motivated and on track. The entrepreneur also offers assistance when necessary to help the employee succeed.

Employees in the two high-hope companies described their leaders' involvement in the creation and achievement of their goals as high, consistent, and proactive. They also claimed that their leaders were highly aware of their accomplishments and acknowledged them accordingly.

Conversely, employees in the low-hope companies stated that leader involvement in the creation and achievement of their goals was extremely low or nonexistent. One employee response to questions about the company's goal-setting process was, "Goals. What goals?" Entrepreneurs at companies in the low-hope category were often not aware of their perceived poor performance in this area.

Theme 2: Perception of Flexibility to Reach Company Goals. Employees and entrepreneurs in both the high-hope and low-hope companies reported the existence of a high degree of flexibility regarding the methods employed to reach work goals. The key difference was how the entrepreneurs perceived this flexibility. Those in the high-hope companies believed that flexibility was a positive attribute that helped them reach their goals. In contrast, the entrepreneurs in the low-hope firms felt they had over-extended flexibility to their employees and that this was an undesirable situation.

Theme 3: Entrepreneur's Physical Presence and Interaction with Employees. Employees in both the high-hope and low-hope firms expressed the belief that an entrepreneur's commitment to success is demonstrated by his or her physical presence and frequent supportive interaction. In two of the three low-hope companies, the majority of employees made it clear that the entrepreneurs' lack of visibility and failure to provide frequent, supportive communication was interpreted as a lack of commitment to their success.

Theme 4: Source of Employee Motivation. The perceived sources of motivation differed between employees in high-hope and low-hope companies. In high-hope companies, employees expressed that their level of motivation was influenced by their leader's positivity, encouragement, and supportive presence. Conversely, in all three of the low-hope companies, employees

stated that their motivation came from within themselves—not from their leaders.

Theme 5: Level of Recognition and Acknowledgement. There was wide variation regarding the levels of recognition and acknowledgement provided by the entrepreneur in the high-hope and low-hope organizations. In the high-hope firms, entrepreneurial awareness and recognition of employee goal achievement was perceived as frequent. Such acknowledgements took the shape of inquiring about progress toward goals, offering suggestions for solving problems, and seeking teaching opportunities. Further, high-hope employees glowingly reported receiving words of encouragement and positive reinforcement from their leaders when goals were met. In the low-hope organizations, a large number of employees felt they were not recognized for any achievements. Entrepreneurs in low-hope organizations were apathetic to goal-setting and hence did not recognize their employees' efforts when they were successful.

Theme 6: Response to Failure. The manner in which an entrepreneur responds when an employee fails to reach work goals has a significant impact on the employee's level of hope. High-hope employees stated that their leaders were the source of encouraging counsel when they failed. Failure was viewed as an opportunity for learning. Consequently, high-hope employees viewed their leaders with respect and admiration.

Employees in the low-hope companies reported that their leaders often fell short in acknowledging their successes yet were quick to respond to failure with displays of frustration and anger. For example, employees expected failure to result in write-ups, warnings, and terminations. Low-hope employees also tended to view the entrepreneurs in their companies with animosity.

Table 1 is an overview of the differences between the entrepreneurs leading high-hope and low-hope organizations.

Table 1: Leadership Behavior in High-Hope and Low-Hope Organizations

Leadership Attribute	High-Hope Organizations	Low-Hope Organizations
Theme 1: Co-creation and Co-ownership of Goals	<p>Leader is highly involved with employees in a formal goal-setting process.</p> <p>Individual accountability sessions or check-ins are held between leader and employee to discuss progress towards goals.</p> <p>Communication about goals between leader and employee is proactive.</p>	<p>Leader involvement is minimal. Collaboration occurs when sought by employee.</p> <p>Goal-setting processes are nonexistent.</p>
Theme 2: Perception of Flexibility to Reach Goals	<p>High degree of flexibility extended to employees.</p> <p>Leader sees flexibility extended to employees as positive. Leader believes flexibility allows employees to creatively find methods to achieve goals and to solve problems, thereby making the company more effective.</p>	<p>High degree of flexibility extended to employees.</p> <p>Leader sees flexibility extended to employees as negative. Leader fears employees will take advantage and sees this as an affront to management goodwill. The attitude is “work them hard and pay them as little as possible.”</p>
Theme 3: Entrepreneur’s Physical Presence and Interaction with Employees	<p>Leader is consistently physically present at work, is available to employees, and provides supportive communication.</p> <p>Leader initiates communication, holds frequent accountability sessions, and is available to assist employees.</p> <p>Employees view leader with respect and admiration.</p>	<p>Leader is frequently absent and fails to provide consistent supportive communication.</p> <p>Leader prefers to ignore problems or is reactive in response to employee problems.</p> <p>When leader is present, he or she displays outbursts of anger and hesitates to directly address work problems.</p> <p>Employees often view leader with animosity.</p>
Theme 4: Source of Employee Motivation	<p>Employees’ motivation is inspired by the leader’s personal motivation, physical presence, genuine interest and care for individual employees, and holding the team accountable.</p>	<p>Employees’ motivation comes from within—from the pride of craftsmanship, rather than from the leader.</p>
Theme 5: Level of Recognition and Acknowledgement	<p>Leader expresses appreciation and provides rewards.</p>	<p>Leader apathy leads to little or no recognition of a job well done.</p>

Theme 6: Response to Failure	Leader gives encouraging counsel, helps uncover reasons for shortcomings.	Leader either ignores failures or reacts negatively with displays of frustration or anger.
	Leader proactively seeks to turn failures into learning experiences.	Leader handles failures by issuing warnings, write-ups, or terminations.

Three Conclusions

This research project was an exploration of the behaviors that create hope in the world of entrepreneurs. An examination of the study's findings led to three conclusions:

1. ***The creation of a high-hope organization is daunting because of the challenge to entrepreneurs to be physically present onsite.*** Creating a high-hope organization requires an approach to business that is characterized by the consistent, physical presence of a leader. However, entrepreneurs in the firms surveyed commented that their ability to function in this manner is made more difficult by popular business practices such as outsourcing, virtual work teams, and an over-reliance on communication technology. These practices often increase efficiency and productivity yet diminish motivation and opportunities for direct interaction with employees.
2. ***Goal achievement is more likely when the entrepreneur offers personalized, supportive, and consistent interaction.*** Entrepreneurs in high-hope organizations interact with employees in ways that differ radically from those in their low-hope counterparts. In the high-hope companies, both leaders and employees spoke enthusiastically about the highly constructive process of jointly setting and being accountable for goals. They also commented positively on the types of acknowledgement and recognition given. They frequently described their joint feelings of accomplishment and reflected happily on the ways in which they had celebrated their achievements. By contrast, people in the low-hope firms expressed no sense of jointly setting, achieving, or celebrating goal attainment.
3. ***Insights can be gained when entrepreneurs respond constructively to an employee's failure to reach goals.*** Both categories of entrepreneurs respond in highly predictable but opposite ways to failure. The responses of leaders in the high-hope organizations are captured in the phrase "failing forward." In such cases, a mistake or failure to meet work goals is treated by the leader as a reason to examine a work process, to seek ways of avoiding such errors in the future, to discover ways in which the process might be improved, and to share lessons learned with everyone in the firm who could profit from such insights. By contrast, the responses of leaders in the low-hope firms consisted of a total lack of acknowledgement that a failure occurred or a burst of frustration directed at the "ineffective" employee. These types of leader responses predictably cause employees to hide mistakes, which can prevent the employee, the leader, and the organization from reaping valuable insights.

Summary & Recommendations

Entrepreneurs are valuable assets to society. The competitive climate in which they operate is inherently challenging, and they must continually seek new and unique methods to help them successfully compete. The level of hope in their employees may be one such competitive advantage.

Artist: John Palmer

Be Physically Present. The first step in creating a high-hope environment is being physically present; this shows commitment to one's employees and to the success of the venture. A positive difference is made by regularly and purposely being present and engaged in the business. Conversely, leaders who are often absent or ignore the internal climate of their organization can diminish employee sense of hope within an organization.

Establish a Formal and Collaborative Goal-setting Process. Entrepreneurs must construct measures of accountability, allow for the freedom to act with flexibility and autonomy, and provide opportunities to redefine and alter goals. These actions create a workplace where the entrepreneur and employees co-create and co-own goals. Entrepreneurial ventures benefit from

the co-creation of goals because it ensures employee goals are aligned with the strategic direction of the company. Additionally, the co-ownership of goals helps leaders and employees to stay focused on goal accomplishment and increases accountability.

Communicate with Employees on a Proactive and Ongoing Basis. Entrepreneurs can create a motivational high-hope environment by engaging in real-time, candid communications with employees that encourage flexible methods to solve problems and learning from mistakes. Other entrepreneurial communications that raise employees' "agency," or a determination to achieve goals, include offering recognition and encouragement when goals are set and achieved, and showing awareness of employees' progress toward achievement.

As research grows in the area of hope and its impact on organizational performance, entrepreneurs can leverage this knowledge by considering the power of one. In the demanding, competitive business climate where much feels out of one's control, entrepreneurs must recognize that they can and do make a difference in the climate of their organization. The only question remaining is: Which behaviors will ensure that the difference is positive?

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