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The mediating role of psychological capital in linking environmental dynamism to entrepreneurial persistence among nascent entrepreneurs in China

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Abstract: The paper examines the impact of environmental dynamism on personal outcomes (goal achievement, happiness) and psychological capital (PsyCap) of nascent entrepreneurs through a mediator. A quantitative survey (cross-sectional survey) was done on 136 nascent Chinese entrepreneurs, and regression and mediation analysis were done using SPSS to test hypothesised relationships. The findings indicate that environmental dynamism essentially decreases goal achievement, happiness, and PsyCap, whereas PsyCap is a powerful predictor of these positive results and mediates the relationship between environmental turbulence and personal outcomes, which demonstrates a defensive feature of PsyCap in turbulent environments. In practice, the results highlight the necessity to establish PsyCap through training, mentoring, and incubator assistance and encourage policymakers and educators to supplement financial/institutional interventions with psychological capacity-building. This piece of work is important as it focuses on the individual results of firms rather than companies and emphasises the environmental factors, psychological resources, and well-being to make PsyCap an entrepreneurial sustainability strategic resource.

Keywords: psychological capital; nascent entrepreneurs; environmental dynamism; entrepreneurial outcomes; China.

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1 Introduction

1.1 Background

Due to its impact on economic growth, innovation, and job creation in emerging markets, entrepreneurship has served as a growth driver. Bradley et al. (2021) mentioned that entrepreneurial activity has the capacity to propel the economic system by bringing competitive pressure as well as the creation of new ideas. That is to say that business operations can be profitable and create wealth; therefore, entrepreneurs should operate in conformity with changing market conditions to discover market opportunities and stay market competitive. However, market volatility can be a barrier for nascent entrepreneurs to form a new company, as market turbulence can be an entrepreneurial challenge to activity ranging from limited resources to lack of legitimacy in high uncertainty (Kansheba et al., 2024). That is, the pressures of the external environment, such as regulatory pressures, the political system, the technology system, customer needs, and many more, which can be the most bothersome issues for start-up entrepreneurs. Dayioglu et al. (2024) defined environmental dynamism as the extent of volatility and unpredictability in the external environment, encompassing technological, social, legal and environmental issues. In the broader context, such changes in external markets can negatively impact the venture's stability and survival due to market disturbances.

The importance of entrepreneurship in China can be illustrated with the help of national policies and regulations that promote innovation, self-employment, and the development of small businesses. As Kang and Xiong (2021) noted, entrepreneurship plays a pivotal role in changing the economic development system in China, as well as solving other problems, including unemployment. On this point, Hu and Liao (2025) have evaluated that the domestic company sector in China is contributing to 60% of the entire GDP, 70% of technological innovation and 80% of work in cities. However, with the increasing global uncertainties and geopolitical issues, in a recent survey, entrepreneurship as a career ranked lower than freelancing and other jobs, which means that the young generation is seeking stability as the economy is lagging (South China Morning Post, 2025). This means that despite institutional support such as favourable policies and incentives, entrepreneurs struggle to maintain commitment due to rapidly

changing external conditions that impact their stability. This indicates the need for analysing external challenges for nascent entrepreneurs along with their internal psychological capital, as it is associated with entrepreneurs' persistence to navigate uncertainty and sustain their ventures.

According to Welter and Scrimpshire (2021), entrepreneurial PsyCap, which includes self-efficacy, hope, resilience, and optimism, can enhance entrepreneurial performance in high environmental dynamism by helping entrepreneurs to navigate uncertainty and change. Nevertheless, environmental changes may have a dramatic effect on first-time entrepreneurs, which has not been extensively researched. To this end, there have been some studies that contend that entrepreneurial performance and resilience would be affected by environmental changes (Istipliler et al., 2025), but the effect of psychological capital of entrepreneurs in adjusting to environmental changes is not extensively researched, which can be an entrepreneurial sustainability and growth mediator. In addition, entrepreneurial company growth and success have been examined mainly in terms of economic performance, whereas measures such as entrepreneurs' happiness and satisfaction are least investigated. Likewise, the entrepreneurial implications can also include the attainment of entrepreneurs' individual aims and entrepreneurs' happiness because these give a feeling of satisfaction to entrepreneurs and can be obtained from people's subjective well-being (Nikolaev et al., 2019). Therefore, the research will examine how psychological capital works as a mediator of entrepreneurial performance, such as achieving personal objectives and job satisfaction, in the context of diverse environmental variables.

1.2 Research aim

The current study aims to investigate the psychological capital of entrepreneurs in coping with environmental dynamism, which will be converted to entrepreneurial success in goal fulfilment at the individual level and personal well-being.

1.3 Research objectives

- To evaluate the impact of environmental dynamism on entrepreneurial success.
- To identify the role of psychological capital in personal goal achievement and personal happiness for entrepreneurs.
- To investigate the mediating effect of psychological capital among environmental dynamism and entrepreneurial performance.
- To offer practical recommendations for entrepreneurial action, such as to incubators, as a policy instrument to build psychological capital among nascent entrepreneurs.

1.4 Research questions

- What is the impact of a dynamic environment on entrepreneurial outcomes in terms of personal goal achievement and personal happiness?
- How does psychological capital influence personal goal achievement and happiness among nascent entrepreneurs?

- Does psychological capital mediate the relationship between environmental dynamism and entrepreneurial outcomes, namely personal goal achievement and personal happiness?

2 Literature review

2.1 Environmental dynamism and entrepreneurship

Environmental dynamism, which refers to the turbulence of the external environment, heavily influences entrepreneurial activities. Environmental dynamism is used to describe market turbulence and uncertainty due to unexpected changes in the political, legal, social, or technological environment (Dayioglu et al., 2024). These changes could impact the entrepreneurial pursuits of the nascent entrepreneurs owing to unawareness, capital, and flexibility. Although environmental dynamism can bring about opportunities for innovation, which could guarantee entrepreneurs first-mover benefits (Cheng et al., 2025), the reduced foreseeability from the abrupt change could increase failure risk from poor decisions on the basis of limited information. Alternatively, such market forces can expose the new businessmen to greater vulnerability, and that can hamper their goal achievement at an individual level.

Environmental dynamism affects entrepreneurial activity in two ways: along with creating risks of discontinuance, it also creates opportunities for growth on the basis of innovative resolutions. Istipliler et al. (2025) for example, noted that environmental dynamism can induce innovation and strategic adaptability through entrepreneurial alertness. Also, the organisational learning can be improved in dynamic environment factors, as sudden changes in the market make the entrepreneurs learn to persist by acquiring new insights and skills for adapting to the changes (Khương and Nguyen, 2023). However, excessive market dynamism can also negatively impact entrepreneurial ventures, as implied by Amin et al. (2025), that sudden market instability can lead to flawed decision-making and negatively impact the venture's stability. Also, in the aspect of subjective results, the increased cognitive stress due to market-led losses can discourage the entrepreneurs and lead to early exit from the market (Shaban et al., 2024). Therefore, the environmental dynamism can risk the venture's survival due to uncertainty and instability in institutional support.

Rather than established ventures, nascent entrepreneurs are highly susceptible to environmental dynamism due to a lack of market understanding, experience, adaptability, and resources (Sarfo et al., 2024). Despite the presence of opportunities for innovation, due to a lack of resources, foresight and absorptive capacity, nascent entrepreneurs struggle to survive in the dynamic markets, which increases the discontinuity of the business. Therefore, even though the environmental dynamism can be an opportunity for gaining a competitive edge, it mostly becomes an obstacle for nascent entrepreneurs to sustain in the market. The ability to navigate this complexity of the external environment also depends on the internal capacities of individual entrepreneurs.

2.2 Psychological capital and entrepreneurship

Psychological capital (PsyCap) has emerged as a significant construct in organisational behaviour and HRM, which is also associated with entrepreneurship. According to

Tjimuku et al. (2025) psychological capital can be defined as a positive internal state that is mainly characterised by four components, namely, hope, efficiency, resilience and optimism. Unlike personality traits, PsyCap is a state-like condition, which means that it can be developed or enhanced through training and experience. Therefore, PsyCap is positioned as a valuable internal resource for entrepreneurs as they operate in uncertain and demanding contexts.

PsyCap is positively associated with performance, job satisfaction, commitment, and well-being (Donaldson and Villalobos, 2024). As the authors contend, individuals with high PsyCap are more motivated to set challenging goals and have confidence in their abilities to achieve them. These attributes are significant for entrepreneurs as they account for their ability to stay confident, optimistic, and resilient in uncertainties, which can lead to organisational failure or survival (Pennetta et al., 2025). Therefore, Psycap can be an early-stage entrepreneur's reference point to survive in the event of an unstable market scenario and capitalise on market opportunities.

PsyCap is responsible for different entrepreneurial ventures and outcomes brought by hope, optimism, resilience, and the inner strengths of entrepreneurs. Thus, Huang et al. (2025) perceived an impression that the high psychological capital makes entrepreneurs immune to market fluctuation, which is of utmost significance in opportunity recognition towards innovation. In addition, internal PsyCap with high resilience enables the entrepreneurs to handle mental pressure and develop their resilience, which is the ability to bounce back from loss or adversity, that sustains business venture functionality (Mahamat et al., 2024). And therefore, in the time of market oscillation, PsyCap is the ideal capital for start-up entrepreneurs to be able to operate their business. This is also done by Laukkanen (2023), where the author assures that start-up entrepreneurs are most likely to be susceptible to fluctuation and change in the market, due to problems such as capital limitation, absence of consumers, losses, and business issues due to the limited movement of capital. At such places, PsyCap can be a buffering system for nascent entrepreneurs to push them to work optimistically and adaptively regularly. In addition to that, PsyCap is also associated with higher resilience, flexibility, and proactivity (Pennetta et al., 2025) that can help the nascent entrepreneurs sustain business operations by making the most of new opportunities even amidst uncertainty and challenges. Consequently, PsyCap can enhance the internal strength, such as self-efficacy and optimism, in nascent entrepreneurs, which can encourage them to struggle with adaptability and innovation and help them to achieve their personal goals.

2.3 Entrepreneurial outcomes: beyond firm performance

Entrepreneurial outcomes are mostly assessed through financial indicators that include profitability, productivity, and growth metrics. According to Cherapanukorn et al. (2025), financial indicators are relatively quantified and can provide tangible evidence for measuring success for entrepreneurs. However, Ahmad et al. (2025) argued that beyond financial measures, personal and psychological dimensions are also part of entrepreneurial success. This means that financial measures demonstrate partial understanding of success, as lived experiences and long-term sustainability are also important to measure entrepreneurial growth.

In the context of entrepreneurial success, Dimov and Pistrui (2024) conceptualised entrepreneurial success in broader terms that capture beyond economic returns to

personal achievement and well-being. Here, personal goal achievement can also be one of the dimensions which reflect the extent of accomplishing milestones by entrepreneurs, such as launching a product, securing funding, building a customer base or achieving recognition within a community. However, Katz-Vago and Benita (2023) stated that goal achievement is highly subjective, which can vary across individuals. Despite this, it is vital for entrepreneurs as it influences their perception of progress and thus can shape their self-efficacy. Therefore, with personal goal achievement, entrepreneurs can experience a sense of competence and momentum, which can reinforce their commitment to the venture even in the uncertainties of financial outcomes.

In addition to personal goals, personal happiness is also one aspect of entrepreneurial success that entails subjective well-being, life satisfaction, and emotional satisfaction obtained out of entrepreneurial activity. Indicatively, autonomy and creativity are the reasons behind the self-employment type of work contributing to better well-being (Kottwitz et al., 2025), but the stress of uncertainty and hours of work can impact it. This means that while self-employment provides well-being benefits such as control over one's destiny and the ability to pursue meaningful work, the inherent risks and uncertainties in entrepreneurship can lead to burnout and diminished happiness. Apart from this, Itani et al. (2025) posited that highly joyful entrepreneurs possess immense resilience, innovativeness, and long-term commitment, and hence can sustain even the worst situation. Happiness is thus superficially not a consequence but the underlying foundation of long-run entrepreneurial activity.

Short of that, such views necessitate a move away from hard accounting conceptualisations of entrepreneurial achievement toward subjective assessments like the achievement of goals and satisfaction. In doing so, then, recognition of the multidimensionality of entrepreneurial outcomes can drive theory forward toward a more human-centred conceptualisation of entrepreneurial achievement.

2.4 Theoretical foundations

Two theoretical frameworks that inform the current study and describe the dynamism of the environment, psychological capital, and entrepreneurial performance are presented. Conservation of resources (COR) theory demonstrates that people strive to gain, maintain, and protect valued resources and that violence breaks out when resources are threatened, lost, or insufficient to meet demands (Chen et al., 2024). Environmental dynamism is a stress source for new venture creators that depletes precious resources such as time, financial resources, and affective energy. In this regard, entrepreneurs' turbulence tolerance will be a sign of the presence of inner resources to serve as a buffer to the environment.

Concurrently, psychological capital theory also defines hope, efficacy, resilience, and optimism as positive psychological strengths to be developed and nurtured that were shown to impact performance and well-being (Zhang et al., 2024). In contrast to trait personality, PsyCap is dynamic and could be acquired through training and thus is very applicable, specifically for new entrepreneurs in situations of uncertainty. PsyCap theory subsequently describes how psychological capital gives entrepreneurship the power to survive, accomplish objectives, and stay positive in the face of uncertainty in the context. Comprehensively, these views theorise that PsyCap is an intervening resource bridging environmental stressors with entrepreneurial results.

2.5 Hypotheses

H1 Environmental dynamism is negatively associated with personal goal achievement among nascent entrepreneurs.

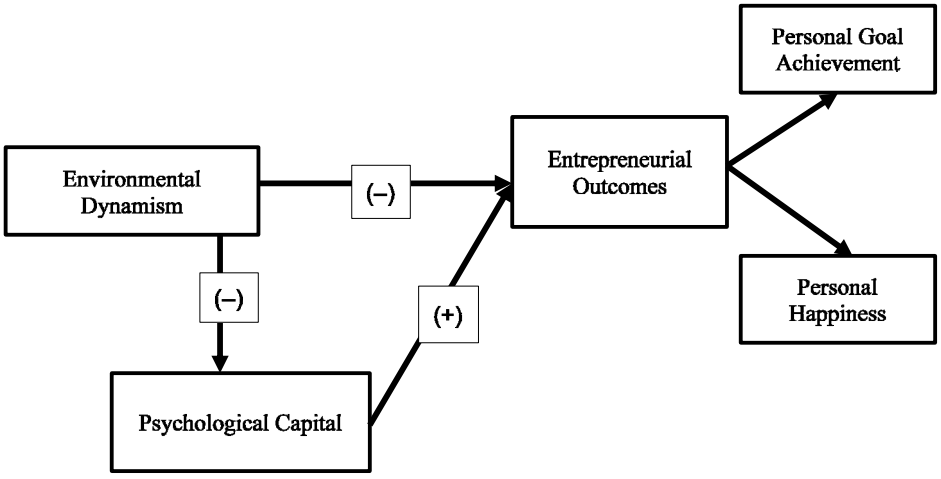
H2 Environmental dynamism is negatively associated with personal happiness among nascent entrepreneurs.

H3 Environmental dynamism is negatively associated with psychological capital.

H4 Psychological capital is positively associated with entrepreneurial outcomes, namely personal goal achievement and personal happiness.

H5 Psychological capital mediates the relationship between environmental dynamism and entrepreneurial outcomes (personal goal achievement and personal happiness).

Figure 1 Conceptual model



2.6 Research gap

This review of literature observes that environmental dynamism is a contextual construct central to entrepreneurship; most of the studies are mute regarding the implications it has for form-level items like growth, innovation, and survival. It identifies that little is known regarding the implications of environmental dynamism to individual outcomes and the daily life of entrepreneurs themselves. Also, the vulnerability of nascent entrepreneurs to rapid technological change and competitive pressure has been acknowledged in literature, but the empirical work has limitedly addressed the ways entrepreneurs cope with such uncertainty on a psychological and behavioural level. Additionally, the significance of psychological capital in organisational and entrepreneurial contexts has been discussed. However, its potential role in entrepreneurship remains underexplored. Although some studies associated PsyCap with entrepreneurial intentions, persistence, and stress management, there is limited analysis that has been done on its mediating role between external challenges and entrepreneurial outcomes.

Also, it has been reviewed that entrepreneurial outcomes have traditionally been conceptualised in financial terms despite increasing recognition of the significance of personal goal achievement and happiness. In this context, few studies have integrated environmental conditions, psychological resources, and personal outcomes in a single framework. Therefore, this lack of integration represents a significant gap for nascent entrepreneurs as they face the highest level of uncertainty and the greatest need for psychological resources. Addressing this gap provides the foundation for this study.

3 Research methodology

This study employs a quantitative research methodology approach, which is instrumental in testing predetermined hypotheses to investigate the causal link between constructs through statistical data analysis. Quantitative approaches to research, as posited by Ghanad (2023), possess the ability to increase internal validity of the research process in that they embrace objectivity and credibility within them, as well as transparency brought about by statistical analysis. This will make the results of research undertaken under quantitative research approaches more generalisable because the objectivity of the research can be portrayed with vivid images as well as rational facts. Therefore, in the present study, a quantitative research approach can assist in analysing the impacts of environmental dynamism on entrepreneurial performances and subsequently facilitate empirical testing of the conceptual model.

As far as three-dimensional outcomes of research design are concerned, cross-sectional research design has been utilised, and hence, research data have been gathered at one point in time from Chinese nascent entrepreneurs. Cross-sectional research design, according to Wang and Cheng (2020), is time as well as cost-effective since three-dimensional outcomes of research have been conducted at a single point in time. This is an appropriate research design for this research since environmental dynamism is encountered by the entrepreneurs on a day-to-day basis, and this research has examined the existing perception of environmental dynamism that influences the psychological resources and the outcome.

For the research purpose, data have been collected through a structured, closed-ended questionnaire, which has 21 questions adapted from different scholarly articles. The questionnaire has been distributed through social media channels such as LinkedIn and WeChat in the entrepreneur groups. Some offline distributions have also been done in university incubators and business accelerators. With this combined approach, the researcher aimed to increase reach, which reflected positively on response rates by targeting nascent entrepreneurs.

For the sampling, non-probability purposive sampling has been done, which is suitable for this study due to the pre-defined population of interest, which is nascent entrepreneurs. Therefore, the entrepreneurs who are in the first three years of their venture creation have been chosen for this study. For the data collection, data have been collected from 136 nascent entrepreneurs, which is suitable for regression-based mediation analysis in this study.

The key constructs in this study are environmental dynamism, psychological capital, and entrepreneurial outcomes such as personal goal achievement and personal happiness. These constructs have been measured with established scales in different prior articles for

content validity, and items are measured through a 5-point Likert scale, which provides greater sensitivity to variation in responses.

Table 1 summarises the constructs, sample items and sources.

Table 1 Constructs for survey

Construct	*Sources*	*Questions (sample items)*
Environmental dynamism	• Sarfo et al. (2024) • Dayioglu et al. (2024)	• Customer preferences in my industry change rapidly. • Technological changes in my industry are difficult to predict. • The competitive environment in my industry is highly unpredictable.
Psychological capital (PsyCap: hope, efficacy, resilience, optimism)	• Mahamat et al. (2024) • Pennetta et al. (2025) • Huang et al. (2025)	• I feel confident in representing my venture in challenging situations. (Efficacy) • I can think of many ways to reach my entrepreneurial goals. (Hope) • I quickly recover from setbacks in my entrepreneurial journey. (Resilience) • I am optimistic about the future of my venture. (Optimism)
Entrepreneurial outcomes – personal goal achievement	• Kottwitz et al. (2025)	• I am achieving the entrepreneurial goals I set for myself. • I am satisfied with the progress I have made in my venture.
Entrepreneurial outcomes – personal happiness and well-being	• Kottwitz et al. (2025) • Tjimuku et al. (2025)	• Overall, I am happy with my entrepreneurial life. • My work as an entrepreneur gives me personal fulfilment and happiness.

The information has been analysed in this study with the SPSS software, which is an extensive software solution for quantitative data analysis containing various analytical tools, including regression analysis, descriptive analysis, factor analysis (exploratory factor analysis), reliability testing, and correlation analysis. The process of data analysis started with the data cleaning and some initial analyses of missing values, normality, and multicollinearity. Means, standard deviations, and correlations were subsequently calculated in order to give a summary of the association between variables. Cronbach's alpha was used to determine the reliability, and the acceptable thresholds were 0.70 or more. Factor analysis was used to verify validity, such that measurement items fit the construct intended.

4 Findings

The current section will report the findings of the results that has been obtained from the analysis that was performed based on data collected from a total of 136 participants. The analysis used both regression and mediation analyses for assessing the relationship

between environmental dynamism and entrepreneurial outcomes, the significance of psychological capital, as well as the mediation effect between contextual challenges and personal success.

4.1 Demographic profile of the participants

From Figure 2, it can be said that the majority of the participants belong to the age group of 20–29 (44) and 30–39 (35), and there are only 13 respondents whose age is more than 50.

From Figure 3, it can be said that there are more male respondents or participants (82) and there are 48 female entrepreneurs, with six respondents declining to disclose gender.

Figure 4 shows that the majority of respondents are university educated, with a bachelor's (54) and or master's (51) education, 13 respondents have a doctorate, and 18 respondents completed high school education.

Figure 2 Age of participants (see online version for colours)

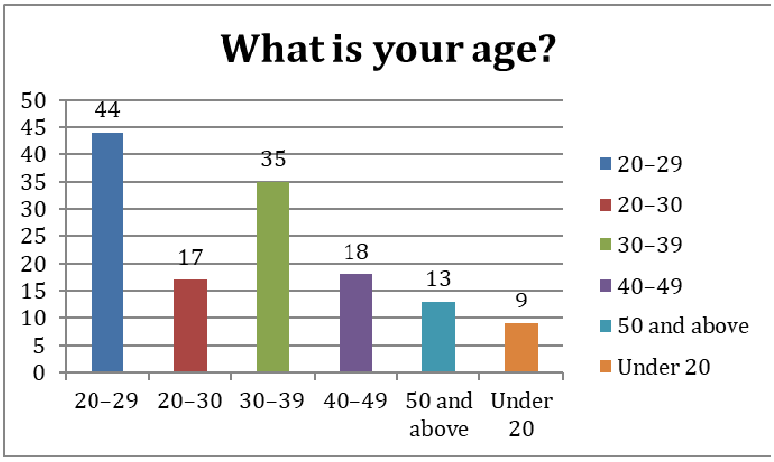


Figure 3 Gender of participants (see online version for colours)

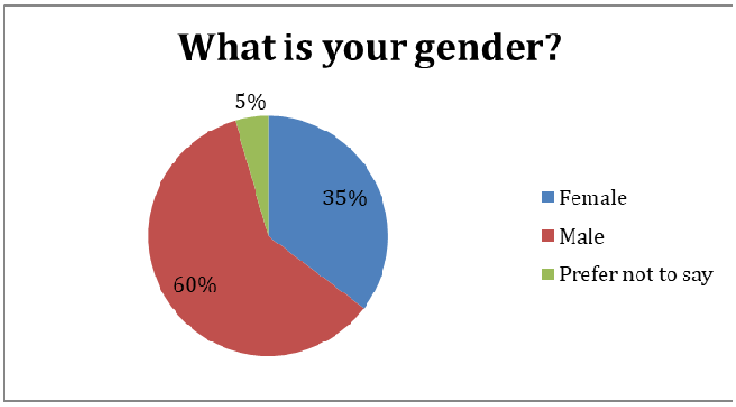


Figure 5 shows that the respondents are from services (34), technology (33), retail (32), manufacturing (20), and other (17). The strong representation of services and technology suggests entrepreneurial activity is primarily occurring in sectors that require more knowledge and are customer-focused.

Figure 4 Highest educational level (see online version for colours)

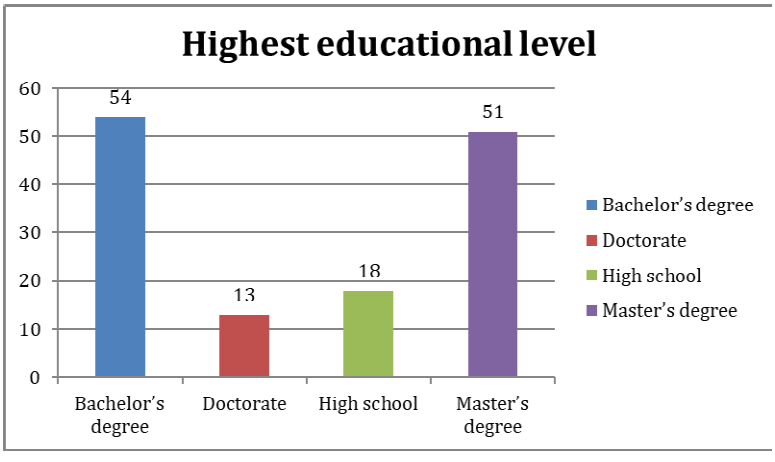
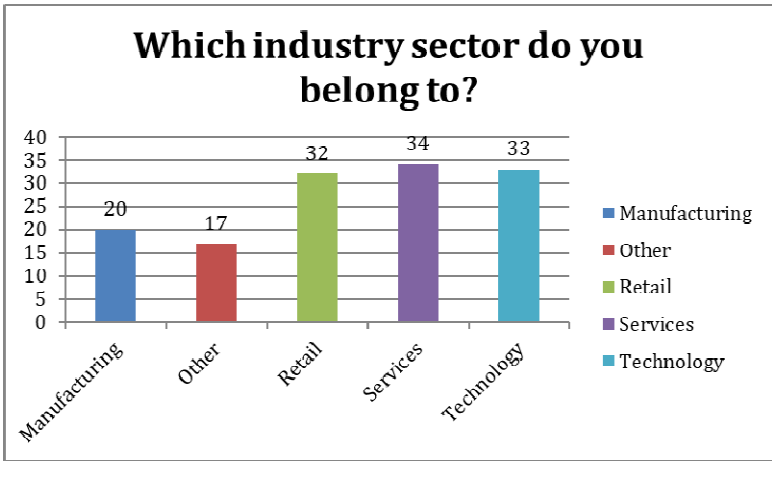


Figure 5 Industry sector (see online version for colours)



4.2 Reliability and validity

According to Table 2, the measurement scales exhibited high internal consistency overall. Personal goal attainment (α =.743) and psychological capital (α =.785) showed adequate reliability, above the suggested threshold of.70, while environmental dynamism showed exceptional dependability (α =.983). For the exploratory study, personal satisfaction showed a little reduced reliability (α =.679), which is nevertheless acceptable.

Table 2 Reliability output

Construct (scale)	*Cronbach's α*	*N of items*
Environmental dynamism	.983	3
Psychological capital (PsyCap)	.785	4
Personal goal achievement	.743	2
Personal happiness and well-being	.679	2

Table 3 Validity output

Test	*Value*
Kaiser-Meyer-Olkin (KMO)	0.888
Bartlett's test of sphericity χ^2 (55)	1,379.28
Sig. (p-value)	<.001

The KMO value of .888 is above the recommended KMO value of .80 and indicates meritorious sampling adequacy for conducting further analysis. The Bartlett's test of sphericity was significant, $\chi^2(55) = 1{,}379.28$, $p < .001$, and confirms that the correlation matrix is not an identity matrix. Together, these findings indicate that the data is valid and support the construct validity of the measures used in this study.

4.3 Hypothesis testing

The regression analysis indicated that environmental dynamism was a significant predictor of personal happiness for nascent entrepreneurs, $F(1, 134) = 129.95$, $p < .001$. Results showed that environmental dynamism accounted for 49.2% of the variance in personal happiness. There was a significant negative effect ($\beta = -0.70$, $p < .001$), revealing that greater environmental dynamism was strongly associated with lower personal happiness in nascent entrepreneurs. Thus, H1 is supported.

Table 4 Regression analysis predicting personal happiness from environmental dynamism

Predictor	*B*	*SE*	*β*	*t*	*p*
Constant	4.55	0.22	–	20.90	<.001
Environmental dynamism	–0.65	0.06	–0.70	–11.40	<.001

Note: $R = .702$, $R^2 = .492$, adjusted $R^2 = .489$, $F(1, 134) = 129.95$, $p < .001$.

Table 5 Regression analysis predicting personal goal achievement from environmental dynamism

Predictor	*B*	*SE*	*β*	*t*	*p*
Constant	4.21	0.22	–	18.83	<.001
Environmental dynamism	–0.58	0.06	–0.65	–9.91	<.001

Note: $R = .650$, $R^2 = .423$, adjusted $R^2 = .419$, $F(1, 134) = 98.16$, $p < .001$.

The regression analysis showed that environmental dynamism significantly predicted personal goal achievement, $F(1, 134) = 98.16$, $p < .001$. The model accounted for 42.3% of the variance in personal goal achievement. Results indicated a strong negative

association ($\beta = -0.65$, $p < .001$) such that as environmental dynamism increased, personal goal achievement decreased. Thus, H2 is supported.

Table 6 Regression analysis predicting psychological capital from environmental dynamism

Predictor	*B*	*SE*	*β*	*t*	*p*
Constant	3.62	0.22	–	16.53	<.001
Environmental dynamism	–0.38	0.06	–0.50	–6.64	<.001

Note: R = .498, R^2 = .248, adjusted R^2 = .242, F(1, 134) = 44.08, p < .001.

According to the regression analysis, environmental dynamism was a significant predictor of psychological capital, F(1, 134) = 44.08, p < .001. The model accounted for 24.8% of the variance in PsyCap. The analysis showed a significant negative effect ($\beta = -0.50$, $p < .001$), indicating that increased environmental dynamism reduces nascent entrepreneurs' psychological capital, including hope, efficacy, resilience, and optimism. Thus, H3 is supported.

Table 7 Regression analysis predicting entrepreneurial outcomes from psychological capital

Predictor	*B*	*SE*	*β*	*t*	*p*
Constant	0.31	0.16	–	1.99	.049
Psychological capital	0.83	0.06	0.75	13.02	<.001

Note: R = .754, R^2 = .569, adjusted R^2 = .566, F(1, 134) = 176.94, p < .001.

Table 8 Mediation analysis result

Path	*B*	*SE*	*T*	*p*	*95% CI (LL, UL)*
X → M (EnvDyn → PsyCap)	–0.38	0.06	–6.64	<.001	–0.50, –0.27
X → Y (Direct effect)	–0.40	0.04	–9.12	<.001	–0.48, –0.31
M → Y (PsyCap → PersGH)	0.57	0.06	10.12	<.001	0.46, 0.69
Indirect effect (X → M → Y)	–0.22	0.05	–	–	–0.31, –0.14

Table 9 Hypothesis summary

Hypothesis statement		*Decision*
H1	Environmental dynamism is negatively associated with personal goal achievement among nascent entrepreneurs.	Supported
H2	Environmental dynamism is negatively associated with personal happiness among nascent entrepreneurs.	Supported
H3	Environmental dynamism is negatively associated with psychological capital (PsyCap).	Supported
H4	Psychological capital is positively associated with entrepreneurial outcomes, namely personal goal achievement and personal happiness.	Supported
H5	Psychological capital mediates the relationship between environmental dynamism and entrepreneurial outcomes (personal goal achievement and personal happiness).	Supported

The results of the regression analysis revealed that psychological capital significantly predicted the entrepreneurial outcome variable, F(1, 134) = 176.94, p < .001. The model

explained 56.9% of the variance in personal goal achievement and personal happiness. The coefficient was also large and positive ($\beta = 0.75$, $p < .001$), indicating that higher psychological capital is associated with a greater ability to achieve goals and experience happiness, as an entrepreneur. Thus, H4 is supported.

The analysis of mediation demonstrated that environmental dynamism significantly predicted low psychological capital (B = –0.38, $p < .001$). Psychological capital significantly positively predicted personal goal attainment (B = 0.57, $p < .001$). Environmental dynamism had a significant negative direct effect on goal attainment (B = –0.40, $p < .001$) and a significant negative indirect effect through PsyCap (B = –0.22, 95% CI [–0.31, –0.14]). The confidence interval excludes zero, indicating that mediation has been established. Thus, H5 is supported.

5 Discussion

The research objective was to examine how environmental dynamism affects entrepreneurial performance in terms of subjective well-being of entrepreneurs, which includes happiness of the entrepreneur and the attainment of goals as well as the mediator role of psychological capital in influencing and shaping the performance. In that dimension, the research results showed that the environmental dynamism effects are negative on the personal outcomes. Conversely, psychological capital positively contributes to entrepreneur well-being by mediating the connection that lies between the environmental turbulence and individual prosperity.

5.1 Environmental dynamism and entrepreneurial outcomes

Empirical data supported the argument that environmental dynamism diminishes individual goal achievement and bliss in nascent entrepreneurs, as reported in a study by Dayioglu et al. (2024). Environmental dynamism is perceived by authors as uncertainty and turbulence in technology, social, and legal environments. Under the state of turbulence, entrepreneurs face mounting volatility in customers' needs, technological processes, and regulatory legislations, which may discourage their expected behaviours and decisions. Kansheba et al. (2024) also corroborated that environmental uncertainty raises the scarcity of resources and legitimacy concerns for initial new ventures. This reinforced the argument that nascent entrepreneurs are not well off in terms of well-being if something else besides them is uncertain.

The findings corroborated Shaban et al. (2024), and the authors argued that cognitive stress is higher during chronic turbulence and enhances entrepreneurial discontinuance tendency. That is, from the founders' point of view of newly established firms, uncertainty-induced psychological stress can drain their motivation and resiliency and consequently, render them less happy and satisfied. Otherwise, the results are in opposition to Istipliler et al. (2025), whose research established that environmental dynamism was confirmed to enhance entrepreneurial alertness and innovation. Such a gap also reveals that even though environmental dynamism might provide other companies with such leniency, new companies do not possess the buffer tools, such as a customer base, massive capital inflow, and an experienced team, and thus they will be burdened with the effect of environmental dynamism. Therefore, the current study clarifies the paradox of environmental dynamism because it might unleash chances for

innovation, but dynamism-created instability might demolish the success of an individual in goal achievement and the well-being of nascent entrepreneurs.

5.2 Psychological capital and entrepreneurial success

This study confirmed that psychological capital was negatively impacted by environmental turbulence, which has a positive impact on entrepreneurial goal attainment and satisfaction. It means that psychological capital of hope, optimism, resilience, and efficacy partially mediate entrepreneurial success. These findings also confirmed Tjimuku et al. (2025) whose authors assumed that PsyCap may help entrepreneurial capacity develop immunity to uncertainty and adaptability. Based on this, evidence from research-based empirical evidence affirms this assumption through allusion to how a greater number of PsyCap entrepreneurs with high talent can improve personal performance in terms of uncertainty.

The same is affirmed by Pennetta et al. (2025) where the authors went on to state that PsyCap has the capacity to develop resilience and adaptability, which is said to assist entrepreneurs in resisting and withstanding challenging conditions. This means that PsyCap is said to enhance the well-being and motivation of nascent entrepreneurs, which is consistent with goal achievement and happiness. Optimism and hope enable young entrepreneurs to experience possibilities from dynamism in the surroundings and realise the possibilities through the mobilisation of resources at hand.

5.3 Psychological capital as mediator

Also, the mediation analysis extended previous research by confirming that PsyCap can be a mechanism for nascent entrepreneurs to face environmental situations that can impact success outcomes. Although earlier research demonstrated that PsyCap can be a protective factor, only some studies revealed the mediating role of PsyCap between external environmental uncertainties and personal outcomes. The results showed that environmental dynamism can deplete PsyCap, but with high PsyCap, it can be a tool for nascent entrepreneurs' personal outcomes. Therefore, the nascent entrepreneurs may lack materialistic resources and institutional legitimacy, but their internal psychological resources can be indispensable for sustaining entrepreneurial persistence and achieving subjective well-being.

5.4 Entrepreneurial outcomes beyond firm performance

This study focused on non-financial outcomes such as goal achievement and personal happiness of nascent entrepreneurs, which means that this study revealed the metrics of success beyond financial indicators. The existing literature has prioritised outcomes such as profitability, growth, and survival (Cherapanukorn et al., 2025). However, taking subjective well-being as a success indicator, this study revealed that personal goal achievement and happiness are also significant indicators of success. These results confirm this strategy by showing that environmental dynamism can diminish, but PsyCap may be able to increase such non-financial performance results of entrepreneurial success.

Personal well-being is the heart of entrepreneurship, but Nikolaev et al. (2019) emphasised that personal fulfilment may be the key to the motivation of the entrepreneur to continue. The given study validated these claims by offering empirical evidence that subjective outcomes are also important to nascent entrepreneurs. This paper has shown that the well-being gains of entrepreneurship can be neutralised by stress, and the current findings also confirm that environmental turbulence may reduce happiness, but the psychological capital can reverse the situation. In this way, the findings of the research were able to cast the outcome measures to goal achievement and happiness, contributing to the comprehensive concept of entrepreneurial success.

5.5 Theoretical contributions

The study results were an extension of the conservation of resources theory, which postulates that people aim at controlling and securing valued resources. This study has found that environmental dynamism may be a stressor, which is exhausting of psychological resources, but PsyCap may offer reserves, which will enable entrepreneurs to resist and persevere. As well, translating the psychological capital theory used in the organisational context into the entrepreneurship context, as it proves that PsyCap is not just applicable to employees, but it may be essential to an entrepreneur to deal with uncertainty. The paper makes contributions to nascent entrepreneurship by showing that personal psychological abilities can overcome the vulnerability of the early-stage entrepreneur in uncertain contexts.

5.6 Practical implications

This study also generated practical insights, such as for entrepreneurs, the research findings emphasised the significance of cultivating psychological capital. This means that by developing hope, efficiency, resilience, and optimism can be achieved through training, mentoring, and reflective practices. Also, for incubators and accelerators, the results suggest that support programmes should integrate psychological skill-building alongside financial and technical resources. Here, policy frameworks should prioritise Psycap development, whereas institutional support and incentives are also significant, but they should be complemented by interventions that can enhance entrepreneurial potential to cope with volatility. Consequently, entrepreneurial education should also embed resilience and optimism training to equip nascent entrepreneurs with high psychological tools for long-term sustainability.

6 Conclusions

This research study discussed the effects of environmental dynamism on the individual performances of nascent entrepreneurs and the mediating role played by psychological capital (PsyCap) in this condition. Based on the conservation of resources theory and psychological capital theory, the research assumed a quantitative and cross-sectional design sampling survey data of nascent entrepreneurs in China. The subjective and human-based outcomes of success as the study concentrates specifically on the personal achievement of the goals and happiness, as opposed to the financial performance at the firm level, contribute to the existing body of literature on entrepreneurial success by

focusing on subjective and human-centred outcomes that play a vital role in the sustainability of entrepreneurs operating under unstable conditions.

6.1 Original contributions of the study

This paper contributes to the literature of entrepreneurship in three ways. First, it contributes to the development of new research on environmental dynamism, as it changes the focus from the firm-level performance to the individual-level entrepreneurial outcomes. The results indicate that environmental turbulence is devastating to the personal goal attainment and happiness of nascent entrepreneurs and reflect the cost of humans to business operations in uncertain and quickly evolving markets.

Second, the research is an extension of the psychological capital theory to nascent entrepreneurship by empirically showing that PsyCap acts as an important internal resource in an uncertain environment. Although other studies had previously noted the applicability of PsyCap to entrepreneurial intentions and resilience, the present study presents strong evidence of how environmental dynamism mediates through PsyCap to individual entrepreneurial outcomes.

Third, the study brings together the interplay of environmental conditions, psychological resources and subjective entrepreneurial outcomes under one analytical framework, hence making the study more holistic in terms of the understanding of entrepreneurial sustainability. The results indicate that psychological capital will partly mitigate the adverse impact of external turbulence, which makes PsyCap an investment and tactical resource that can be developed by early-stage entrepreneurs.

6.2 Limitations of the study

This research is limited in a number of ways in spite of its contributions. To start with, a cross-sectional research design does not allow any solid causal inferences. Future studies would be able to conduct longitudinal studies in order to study the dynamics of environmental dynamism and psychological capital over time.

Second, the empirical setting is restricted to nascent entrepreneurs in China. Though China offers a very good example, as it offers a very dynamic and institutionally complex environment to be studied, the results may not be entirely applicable to other cultural or institutional settings. It is thus justified to conduct comparative studies between countries and entrepreneurial ecosystems.

Third, the research is based on self-reported information that might provide common method bias and subjective assessment outcomes. In spite of the fact that the established measurement scales and statistical checks were used, multi-source or mixed-method methodology might help in future studies. Lastly, psychological capital was also studied as an aggregate measure, thus tending to blur the specific effects of its separate dimensions.

6.3 Future research instructions

Future studies may either take a longitudinal or experimental method to investigate the development process of psychological capital during a certain period and explore whether specific interventions can help entrepreneurs become more resilient when working in

dynamic settings. Future research of cross-cultural studies could also be conducted to examine the possibility of the buffering effect of PsyCap differing between institutional settings. Also, further work might involve disaggregating the HERO dimensions of the psychological capital to conduct research on which aspects have the most significant contribution to entrepreneurial persistence and well-being. The combination of PsyCap and other aspects of individual-level resources, including social capital or cognitive adaptability, is also a promising way to further entrepreneurship research.

Declarations

All authors declare that they have no conflicts of interest.

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