

# Entrepreneurial Emotional Regulation and its Role in Founder Resilience and Sustained Business Success in India

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**Abstract:** Entrepreneurship is increasingly recognized as a psychologically demanding activity characterized by uncertainty, risk, and frequent exposure to setbacks. While traditional entrepreneurship research has primarily focused on financial, strategic, and technological determinants of venture performance, growing attention is being directed towards the psychological capabilities that enable entrepreneurs to sustain performance over time. Among these capabilities, emotional regulation has emerged as a critical yet underexplored factor influencing founder resilience and long-term business success. This paper reviews contemporary literature on entrepreneurial emotional regulation and examines its role in shaping resilience, decision-making quality, leadership effectiveness, and venture sustainability. Drawing upon research from psychology, entrepreneurship, organizational behavior, and emotional intelligence, the study synthesizes evidence from eighteen scholarly sources to develop a conceptual understanding of emotional regulation as a strategic entrepreneurial capability. The review suggests that entrepreneurs who effectively regulate emotional responses are better positioned to cope with uncertainty, recover from setbacks, maintain psychological well-being, and make balanced strategic decisions. Emotional regulation further contributes to leadership effectiveness by enhancing communication, conflict management, stakeholder trust, and organizational cohesion. These mechanisms collectively support venture survival, growth, adaptability, and sustained business performance. The paper also highlights the relevance of emotional regulation within the Indian entrepreneurial ecosystem, where founders frequently encounter resource constraints, family expectations, competitive pressures, and institutional challenges. The findings indicate that emotional regulation should be viewed not merely as a personal coping mechanism but as an essential entrepreneurial resource that contributes to long-term venture sustainability. Practical implications are offered for entrepreneurs, investors, incubators, and policymakers seeking to strengthen entrepreneurial resilience and business success in India.

**Keywords:** *Entrepreneurial Emotional Regulation; Founder Resilience; Entrepreneurial Well-Being; Venture Sustainability; Emotional Intelligence; Indian Entrepreneurship.*

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## I. INTRODUCTION

### ➤ *Background Context*

Today's modern globalized economy cannot function without phenomena such as innovations, economic development, and jobs that arise due to entrepreneurship. For example, in India, initiatives aimed at supporting startups have allowed for the formation of one of the most dynamic entrepreneurship ecosystems around the globe. Today, India boasts a very large entrepreneurial community. The fast rise in entrepreneurship rates has been facilitated by such factors as market opportunities, innovation, good policies, and cultural tendencies.

However, despite all the favorable conditions, starting up and developing a venture remains a very complicated and emotional challenge for those who choose to engage in it. Entrepreneurs have to confront high risks, uncertainties, competition, resource constraints, and volatile expectations of various stakeholders. While there are some examples of fast-growing companies, there is also a lot of evidence of failed ventures and their inability to secure funds, manage efficiently, and cope with long-lasting uncertainties. Consequently, apart from strategic and financial aspects, entrepreneurial success requires entrepreneurs' ability to overcome certain mental challenges. Traditionally, entrepreneurship research concentrated on economic and organizational aspects of startup activities that included such factors as funding, innovativeness, strategic thinking, and

marketing, among others. However, these characteristics fail to explain why certain entrepreneurs succeed when facing identical conditions as their colleagues. In recent decades, psychological capabilities have become a key subject area within the field of entrepreneurship studies. Emotional regulation stands out as an important yet underexplored phenomenon [1–4].

In psychology, emotional regulation refers to the ability of individuals to modify the experience, timing, and expression of emotions [1,2]. The concept implies that emotional regulation helps a person cope with emotions constructively without avoiding or suppressing them [1–4]. For the purpose of entrepreneurship, emotional regulation becomes even more significant since entrepreneurs are often required to make decisions amid stressful situations. Examples of such emotions include disappointment, frustration, and excitement. There is increasing evidence that entrepreneurs who are capable of regulating emotions are more resilient, recover faster from setbacks, maintain motivational drive, and stay psychologically healthy [9–11]. Additionally, it has been found that entrepreneurial emotional regulation is associated with increased leadership effectiveness and better decision-making skills [6–8]. Based on this observation, emotional regulation may be viewed as a strategic capability that allows entrepreneurs to run businesses successfully over an extended period of time.

The significance of the topic is especially pronounced against the background of the Indian entrepreneurship ecosystem. Indeed, Indian entrepreneurs face a wide range of challenges, such as strong market competition, complex regulatory environment, family expectations, and social responsibilities [15,16]. Thus, the emotional burden faced by entrepreneurs becomes heavier, while their decision-making and business performance may be affected by it as well. Consequently, studying entrepreneurial emotional regulation has a clear practical relevance.

#### ➤ *Problem Statement*

In the majority of cases, entrepreneurship studies have paid little attention to the question of emotional regulation. Scholars tended to focus primarily on economic, strategic, and organizational determinants of business performance. At the same time, entrepreneurs regularly find themselves in emotionally challenging situations characterized by disappointment, uncertainty, setbacks, and even fear. Unmanaged emotions may adversely affect decision-making, decrease resilience, and undermine performance. While entrepreneurs' resilience has become an emerging theme within entrepreneurship studies, the mechanisms underlying resilience remain largely unclear. Emotional regulation seems to be one of the most relevant candidates, although existing research on the topic is fragmented among the fields of psychology, entrepreneurship, emotional intelligence, and organizational behavior. Moreover, little work has been done to examine emotional regulation among Indian entrepreneurs [15,16]. It is essential to address this problem with an integrative literature review.

#### ➤ *Research Objectives*

- To provide a description of the concept and theory of entrepreneurial emotional regulation.
- To study the relationship between emotional regulation and founder resilience.
- To evaluate the role and impact of emotional regulation in entrepreneurial leadership and decision-making.
- To examine the contribution of emotional regulation to sustained business performance.
- To identify implications for Indian entrepreneurs, policymakers, incubators, and other stakeholders [15,16].

#### ➤ *Research Questions*

- What is entrepreneurial emotional regulation, and why is it important within entrepreneurship?
- How does emotional regulation lead to enhanced founder resilience under conditions of adversity and uncertainty?
- What influence does emotional regulation have on entrepreneurial decision-making and leadership?
- How does emotional regulation facilitate sustained business success and venture sustainability?
- What are the actionable takeaways for Indian entrepreneurs from existing research on emotional regulation?

## II. LITERATURE REVIEW

This literature review follows the narrative approach and uses eighteen scholarly sources for discussion.

#### ➤ *Understanding Emotional Regulation*

Emotional regulation can be defined as the modification of emotions a person experiences when such emotions occur and the manner in which emotions are expressed [1,2]. According to the process model developed by Gross, emotional regulation is seen as a dynamic process that leads to altering emotional responses before or after their activation [1,2]. There are two major types of emotional regulation techniques, namely cognitive reappraisal and expressive suppression [3]. The former entails the reinterpreting of experiences in a way that makes them less impactful. The latter implies controlling emotional expression. According to existing research, cognitive reappraisal tends to yield better results for people's health and well-being [3]. Within entrepreneurship, emotional regulation should be regarded as an important competence that allows entrepreneurs to deal with uncertainty and act adaptively.

#### ➤ *Entrepreneurs' Emotions and Experience*

It is widely acknowledged that entrepreneurship is a highly emotionally volatile activity [5,6]. On a regular basis, founders experience both positive emotions, like enthusiasm and optimism, and negative ones, such as anxiety, fear, and disappointment. These emotions affect decision-making concerning opportunities and risks, persistence, and interpersonal relationships.

Being on the roller coaster of emotions, entrepreneurs often experience alternating success and failure at each stage of their venture's lifecycle [6]. According to current scholarship, entrepreneurs who are capable of handling their emotional states effectively are able to maintain their motivation and learn from experience, which leads to better relationships with stakeholders.

➤ *Emotional Intelligence and Entrepreneurial Behavior*

Emotional intelligence is explained as the ability of people to recognize, understand, and regulate their emotions as well as the emotions of other people [7,8]. Within the field of entrepreneurship, emotional intelligence promotes self-awareness, adaptive response to adversity, better communication, and increased leadership effectiveness [7]. In particular, entrepreneurs who have high emotional intelligence are generally better positioned to deal with evolving stress, manage relationships, and handle uncertainty. Despite being distinct concepts, emotional intelligence and emotional regulation share a great deal of similarities. The former provides the foundation for emotional regulation.

➤ *Entrepreneurial Stress, Burnout, and Psychological Challenges*

Starting up a business poses various psychological challenges to entrepreneurs. For instance, they must confront market uncertainty, complex financial calculations, high workloads, and responsibility for business outcomes [11,17]. Often, these challenges lead to entrepreneurial stress and burnout [11,13]. Research indicates that founders' mental health is crucial to the long-term success of ventures since their mental well-being influences their leadership skills and decision-making ability [11,14]. Burnout may negatively affect the creativity, judgment, and organizational commitment of entrepreneurs. Therefore, psychologists pay increasing attention to such resources as emotional regulation, which allows dealing with adversity effectively.

➤ *Concept of Founder Resilience*

Founding entrepreneurship resilience refers to the capability to recover from adversity and respond adaptively to uncertainty and disruption [9]. Entrepreneurship involves various kinds of challenges, failures, and risks that require resilient behavior from entrepreneurs. Nowadays, resilience should be viewed not as a stable personality characteristic but as a dynamic process that is driven by experience and learning [10]. A resilient person demonstrates higher levels of motivation, adaptability, and willingness to learn from past events. Contemporary literature increasingly views resilience as the product of interaction between adversity and coping.

➤ *Emotional Regulation as the Driver of Resilience*

One of the key drivers of entrepreneurial resilience is the ability to regulate emotions [9,10]. Indeed, founders must face emotionally intense experiences, such as startup failure, rejected financing applications, uncertainty regarding business performance, etc. Emotional regulation facilitates the transformation of such experiences into opportunities for learning and development [6]. For example, cognitive reappraisal enables founders to view their mistakes as lessons to learn rather than personal failures [3]. Besides, emotional

regulation helps entrepreneurs separate business outcomes from personal identity and stay psychologically healthy during recovery.

➤ *Emotional Regulation and Entrepreneurial Decision-Making*

Decision-making in the context of entrepreneurship involves various uncertainties, risks, and information gaps [2,4]. Depending on an entrepreneur's emotional state, the same opportunities and threats might be assessed quite differently, thereby leading to different behaviors and decisions [2]. Specifically, optimism increases the probability of overconfidence, whereas stress and anxiety may increase cautiousness. Effective regulation of emotional responses can help entrepreneurs make balanced and well-grounded decisions. Furthermore, emotional regulation helps entrepreneurs reconsider their assessments when changes occur in the environment.

➤ *Emotional Regulation and Entrepreneurial Leadership*

Effective leadership in entrepreneurship can be achieved through emotional regulation [7]. Founders have to shape the culture of their organizations, manage employees, interact with stakeholders, and develop strategic plans. Entrepreneurs who have learned to regulate their emotions successfully are more likely to communicate effectively, inspire confidence, resolve conflicts, and create a cohesive team during stressful periods [7]. Such leaders contribute to the establishment of psychologically safe climates in which people openly share their ideas and mistakes. Therefore, the contribution of emotional regulation to entrepreneurial leadership becomes obvious.

➤ *Emotional Regulation and Sustained Business Success*

Emotional regulation influences entrepreneurs' ability to build sustainable ventures indirectly. Specifically, by fostering resilience, improving decision-making, increasing the efficiency of leadership, and helping founders stay psychologically healthy, this resource enhances the performance of ventures and creates a competitive advantage for founders [11,14]. Sustainable success becomes possible if entrepreneurs continue learning and developing in accordance with changes in the market. Since psychological competencies cannot be replicated by other players, they represent valuable assets.

➤ *The Indian Entrepreneurship Ecosystem*

Indian entrepreneurship is a context in which entrepreneurs experience unique challenges and opportunities [15,16]. Indeed, entrepreneurs face high competition, a complex regulatory environment, a rapidly changing market, etc. Moreover, there are family expectations, social norms, and societal attitudes toward success and failure that complicate the entrepreneurial journey for Indian founders. In this regard, emotional regulation assumes particular significance since entrepreneurs have to balance their commercial interests with their interpersonal and social ones.

➤ *Proposed Conceptual Framework*

The literature review indicates that emotional regulation is one of the basic competencies that affect entrepreneurial performance in several areas [1-10]. The impact of this

competency on entrepreneurs is indirect, and it is realized through the effects that emotional regulation has on resilience, decision-making quality, and leadership effectiveness.

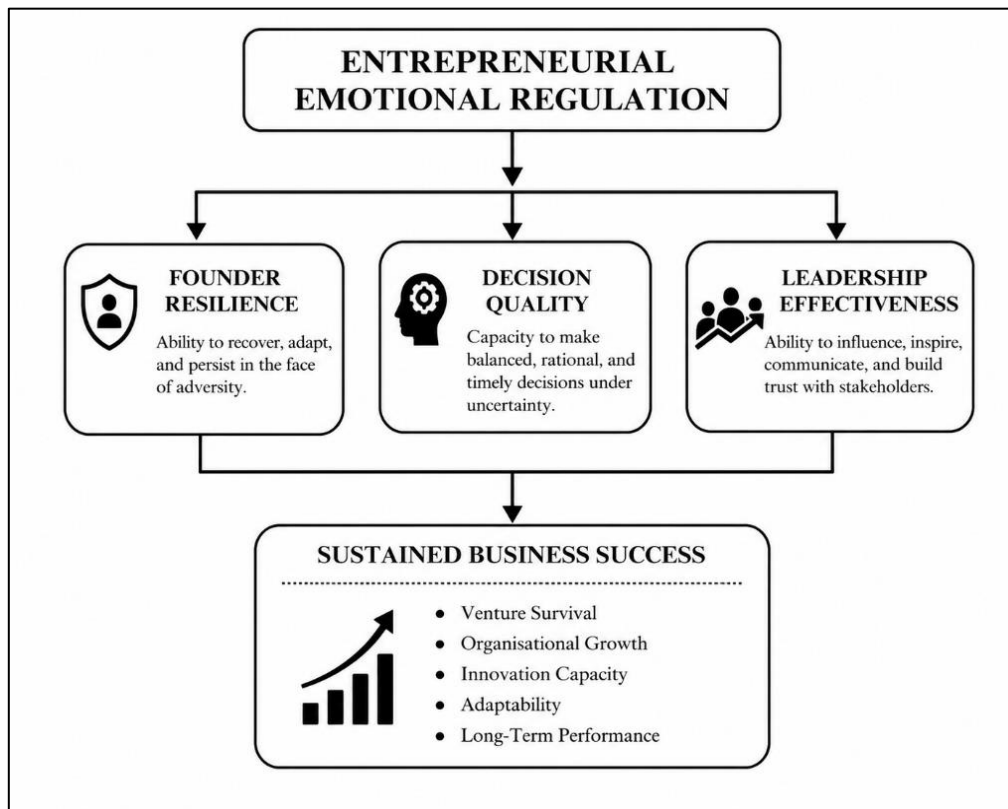


Fig 1 Proposed Conceptual Framework Linking Entrepreneurial Emotional Regulation and Sustained Business Success  
Source: Developed by the author based on the synthesis of literature [1–18]

**III. KEY FINDINGS FROM LITERATURE REVIEW**

As demonstrated above, emotional regulation of entrepreneurs is not simply a tool of coping but a psychological capability that affects various aspects of entrepreneurial performance. Among other issues discussed in the reviewed studies, emotional regulation consistently stands out as a fundamental capability underlying resilience, decision-making, leadership, and organizational sustainability [1-4,8].

One important finding is the connection between emotional regulation and founder resilience. According to the literature, founders who have developed the ability to manage their emotional responses effectively are usually better placed to recover from setbacks, adapt to changing environments, and remain engaged in entrepreneurial activities under challenging conditions. Rather than eliminating adversity altogether, emotional regulation helps the founders learn to deal with adverse experiences positively, turning failures into opportunities for growth. This is especially true since entrepreneurship inevitably involves taking risks and facing failure on numerous occasions [9,10]. Another finding is the impact of emotional regulation on entrepreneurial decision-making. Founders usually face a number of important

strategic decisions under conditions of imperfect knowledge and uncertainty regarding the future. Emotional regulation allows entrepreneurs to balance their judgments and avoid the impact of such negative emotions as excessive optimism, fear, or impulsiveness. Successful emotional regulation increases the chances of making objective decisions about opportunities and being capable of adapting them to new situations [2,4,6,7].

As indicated in the literature, another effect of emotional regulation is enhanced leadership skills. Entrepreneurs demonstrating emotional regulation are usually capable of building trusting relationships with all of their stakeholders, including employees, investors, customers, suppliers, partners, etc. In addition, emotional regulation allows founders to communicate effectively, resolve conflicts, and ensure psychological safety within the organizations they founded [5,7,8]. An interesting finding is that emotional regulation contributes to sustained business performance indirectly rather than directly. The reviewed literature does not provide any evidence that founders' ability to manage their emotions positively impacts organizational performance. In contrast, it seems like this capability plays a supportive role to other psychological, organizational, and personal factors that lead to successful entrepreneurship.

Thus, emotional regulation creates the foundation for building successful businesses [11-14].

Another important observation is that effective emotional regulation is linked with higher well-being. Founders face substantial psychological pressures due to their responsibilities and the risks they incur when operating ventures. Emotional regulation enables founders to cope with stress better and reduces the likelihood of becoming victims of burnout or emotional exhaustion. The impact of founders' well-being is important both in terms of individual performance and venture success [11,17]. Within the Indian context, emotional regulation becomes even more important due to the unique characteristics of the entrepreneurial landscape there. Indian entrepreneurs face additional challenges and pressures that might increase the demands placed on founders emotionally. At the same time, the literature review shows a noticeable lack of empirical data exploring the phenomenon of emotional regulation in the Indian context [15,16]. The emotional regulation seems to be an important psychological capability, and not a personality characteristic, that is capable of development. This insight has significant implications for entrepreneurship education and policies aimed at optimizing the outcomes of entrepreneurial ventures. Since emotional regulation can be developed, it provides an opportunity to build stronger founders and create more resilient ventures [7,8,10].

Overall, the literature review suggests that emotional regulation plays an important role as a psychological capability in entrepreneurship. Being capable of managing emotions in a constructive way helps founders become more resilient, make rational decisions, exercise effective leadership, and enjoy higher well-being [1-18].

#### IV. RECOMMENDATIONS

Based on the above discussion, emotional regulation should be recognized as an important capability in entrepreneurship. As this psychological capability impacts several other factors such as resilience, decision-making, leadership, and well-being, entrepreneurial ecosystems should be supported by the development of psychological capabilities, along with financial and technical assistance programs [7-11].

Individually, entrepreneurs need to develop their emotional regulation capabilities further. They may use reflective practices, mentoring relationships, peer networks, or other strategies to become aware of the emotions that influence them. Following sustainable working routines may also help entrepreneurs to prevent stress and burnout. Entrepreneurship support organizations, such as incubators or accelerators, need to expand their capabilities, development programs, and include training in emotional regulation, resilience, leadership, etc. [7,8,10]. Furthermore, policymakers and educational institutions should pay closer attention to the need for the psychological preparation of entrepreneurs. Entrepreneurship curricula should cover psychological themes such as emotional intelligence, resilience, adaptive decision-making, well-being, and others.

Such an approach will help to increase the effectiveness of the participants and improve their venture sustainability [9-11,16].

The literature suggests that the topic of founders' emotional regulation requires further research. Future research could involve longitudinal investigations, context-dependent research, and exploring the emotions of women entrepreneurs, founders of family businesses, MSMEs, and technology startups. Within the Indian context, there is a particular lack of research on the issue.

#### V. CONCLUSION

While entrepreneurship research traditionally focuses on economic, strategic, or technological dimensions of this phenomenon, this paper argues that psychological aspects cannot be overlooked. One such aspect is the ability to regulate one's emotions effectively, and entrepreneurs with such capability stand a much better chance at succeeding [1-18].

According to the literature, emotional regulation helps entrepreneurs in various aspects, allowing them to cope with uncertainties, setbacks, stress, and remain active despite various adversities. Furthermore, emotional regulation promotes entrepreneurial leadership as it helps build trusting relationships and fosters open communication. Another important finding is that emotional regulation is the foundation of founders' resilience. Through constructive regulation, entrepreneurs become capable of responding to various difficulties and challenges successfully. It helps them to recover faster from failures and adapt to the changes, which makes entrepreneurs more resilient overall. This literature review shows that emotional regulation becomes especially relevant in the context of entrepreneurship in India. As the field develops, attention needs to be paid to developing entrepreneurs psychologically and, thus, ensuring healthier entrepreneurial ecosystems and positive outcomes for ventures.

In conclusion, founders' emotional regulation should be seen as a strategic capability, rather than just a means of coping, which helps entrepreneurs succeed in business [1-18].

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