Is passion contagious? The transference of entrepreneurial passion to employees

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A B S T R A C T

The scholarly entrepreneurship community is coming to recognize what practicing entrepreneurs have known for some time — that passion is a central element of the entrepreneurial process. Recent developments have more carefully defined the construct of entrepreneurial passion and modeled its impact on entrepreneurial behaviors. This paper takes the next step by building a model of how that passion may be transferred from entrepreneur to employees. The question of interest is how entrepreneurs can facilitate the contagion of their own passion to others.

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1. Introduction

An emerging stream of research concerns the powerful role affect plays in enhancing the success potential of would-be entrepreneurs. For example, positive emotion may enhance entrepreneurial creativity, which can aid in recognition of new opportunities (Baron, 2008), and entrepreneurs that are passionate for their ventures may be more creative and persistent, and may become more absorbed in venture-related activities, which should enhance key venture outcomes (Cardon, Wincent, Singh, & Drnovsek, in press). More broadly, entrepreneurs who are passionate have been thought to be more successful than those who are not by both academics (e.g. Baum & Locke, 2004; Cardon, Zietsma, Saparito, Matherne, & Davis, 2005) and practitioners (e.g. Moses, 2001). Chang (2001: 106) argues that, “Passion inspires us to work harder and with greater effect. The irony is that we hardly notice our effort. It comes easily and enjoyably.”

Yet entrepreneurs do not act alone; successful recruitment and management of employees are critical factors influencing the success of emerging ventures (Baron & Hannan, 2002; Deshpande & Golar, 1994; Hornsby & Kuratko, 1990). A growing body of literature on alternative models of human resource management in such firms has emerged (e.g. Baron, Burton, & Hannan, 1996; Baron & Hannan, 2002; Baron, 2003; Heneman & Tansky, 2002; Heneman, Tansky, & Camp, 2000). This research suggests that firm performance can be enhanced by effective HR practices such as attracting and retaining key talent (Barber, Wesson, Roberson, & Taylor, 1999), providing appropriate compensation and incentives (Graham, Murray, & Amuso, 2002), and developing employees through training (Chandler & McEvoy, 2000).

If passionate entrepreneurs make for more effective organizations, and employees are also a critical input to firm performance, then it follows that having passionate employees would also be beneficial. We know that, in general, affective experiences at work influence the direction, intensity, and persistence of employee behavior (Seo, Barrett, & Bartunek, 2004). Yet interestingly, we have only anecdotal evidence concerning the role that emotions and feelings of employees of entrepreneurial firms play in influencing firm survival and success. It is a theoretical and empirical puzzle whether strong emotions of entrepreneurs themselves, perhaps combined with effective HRM, are enough to lead to firm success, or whether in small firms the emotions of the employees are also important. Further, if employee passion is beneficial, the question becomes how entrepreneurs can transfer their passion to employees.

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Drawing from the psychological literature on emotions and feelings (e.g., Russell & Barrett, 1999) and emotional contagion1 (e.g., Sy, Cote, & Saavedra, 2005), as well as literature on transformational leadership (e.g., Bass, 1985), we build a model of emotional contagion within the entrepreneurial context, from entrepreneurs to employees. In the following sections we discuss entrepreneurial passion in general, then how it leads to the emotional displays of entrepreneurs. We then build a model of emotional contagion, drawing a distinction between contagion through primitive emotional mimicry and through social comparison processes. We discuss how transformational leadership can enhance contagion through social comparison, and ultimately suggest that for contagion of passion from entrepreneur to employee to occur, employees must experience both positive intense feelings for their activities and a sense of meaningfulness or identity connection to those activities within the entrepreneurial firm. This draws directly from a recent definition of passion, where our discussion begins.

2. Entrepreneurial passion

Passion involves “consciously accessible positive intense feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur” (Cardon et al., in press: 12). There are two key elements of this definition, according to the authors. First, passion involves positive and intense feelings that occur over time, instead of in response to episodic or immediate triggers in the environment. Thus, passion is enduring rather than momentary. Second, passion feelings are for venture-related objects, such as roles, that are identity meaningful to the entrepreneur. As such, entrepreneurial passion involves more than just positive emotions (see Baron, 2008 for a discussion of emotions in entrepreneurship); passion also involves a deep identity connection between the entrepreneur and the venture or salient role (see also Murnieks and Mosakowski, 2006 for further discussion of the entrepreneurial role identity). Identity relevance involves finding personal meaning in the activities one is engaged in, typically because they relate to an enduring and central characteristic of a person’s sense of who they are as an individual (Stryker & Burke, 2000). Thus, an entrepreneur who is passionate for being the founder or owner of their venture will experience positive and intense feelings for the firm, and will also have the role of “founder” as a central part of their self-identity. As a result, the venture becomes an essential and unifying theme for the entrepreneur’s life and defines his or her identity. “When an entrepreneur’s attachment is strong, the entrepreneur is likely to respond to cues in the venture that others may not notice, feeling every pain of the new venture, and taking every attack on it personally” (Cardon et al., 2005: 33). Because of this identity connection, entrepreneurs may attribute business accomplishments to themselves, just as deficiencies in the business are felt to reflect their own failings or inadequacies (e.g., Shepherd, 2003).

It is important to note that while passion is long-term and is typically positive and intense (Cardon et al., in press), entrepreneurs who feel passion for their venture may also experience shorter-term emotions that vary in intensity and valence. For example, the loss of a client may yield a negative short-term emotion such as frustration, even when the entrepreneur still holds positive feelings for the venture and its future potential. Recent work in psychology and neuropsychology has demonstrated that feelings (long-term) and emotions (short-term) are distinct in how they are experienced and in how they influence cognitions and behaviors (Damasio, 2003; Dolan, 2002). An extensive review of these differences is outside the scope of this paper (see Cardon, Wincent, Singh, & Drnovsek, 2005; Russell, 2003), but the simplistic understanding of this difference is that feelings such as passion are long-term enduring affects that persist over extended periods of time, such as the love of a parent for a child, while emotions are shorter-term episodic affects that are in direct response to immediate stimuli, such as anger when your child breaks a plate. There is also a distinction between these and moods, which are low intensity, generalized affects that are unrelated to events and circumstances that created them (Cross & Travaglione, 2003). An example of this is “she is in a bad mood today” regardless of what caused that mood. While passion has been argued to be a central element in entrepreneurship (Bird, 1988; Cardon et al., in press; Smilor, 1997), emotions may also play an important role in the broader affective system for entrepreneurs and their employees (Baron, 2008; Cardon et al., 2005).

Passion has been argued to have strong effects on the creativity, persistence, and absorption of entrepreneurs (Cardon et al., 2005; Murnieks & Mosakowski, 2006). For example, positive intense affect, such as passion, lead to people setting more challenging goals (Seo et al., 2004), using more creativity in tackling those challenges, and persisting longer in tasks, even when overcoming obstacles (Sy et al., 2005). Passion has been credited with giving entrepreneurs the power to do whatever it takes to realize their visions (Chang, 2001; Shane, Locke, & Collins, 2003), to guide their thoughts, actions, and pursuit of activities (e.g., Baum, 2003; Baum, Locke, & Smith, 2001), and to work on tasks with tenacity (Brush, Greene, & Hart, 2001). More specifically, passion has been said to improve one’s ability to pitch their ideas (Elsbach & Kramer, 2003) and to raise funds from venture capitalists (Chen, Yao, & Kotha, in press). However, excessive levels of passion may ultimately be dysfunctional, leading to blind persistence (Branzei & Zietsma, 2003), irrational escalation of commitment, or even obsessive behaviors (Vallerand et al., 2003). Such dysfunctional outcomes of passion are outside the scope of the current manuscript.

3. Emotional display of entrepreneurial passion

Individuals vary in their ability to control the experience of affect, such as passion (antecedent-focused emotional regulation, Gross, 1998). Individuals also vary in their ability to control the expression or display of affect once they do experience it (response-focused emotional regulation, Gross, 1998). Often we suppress emotions we experience from being displayed outwardly, either because of

1 Note that emotional contagion is used in this paper to refer to contagion of all affect, including emotions, feelings, or moods. This is consistent with other research that uses the term emotional contagion to refer to contagion of moods rather than emotion (Barsade, 2002).
social norms or a desire to internalize our feelings (Gross & Levenson, 1993). In addition, some individuals are quite adept at emotional labor, or displaying emotions rather than they may not actually feel themselves, whether in order to gain a higher tip (Rafeli & Sutton, 1987) or to get employees to perform in line with organizational goals regardless of the manager’s actual felt emotions (Dasborough & Ashkanasy, 2002). We focus on the expression of authentic emotions (those actually experienced), rather than on the artificial display of pseudo-emotions (those not truly experienced by the individual displaying the emotion).

Individuals typically display or express emotions they experience, such as through facial expressions and posture (Gross & John, 1997). While people vary in their emotional expressivity, or the extent to which they tend to outwardly display their emotions (Kring, Smith, & Neale, 1994), in general people are likely to display positive emotions that they experience, particularly in the presence of other familiar individuals (e.g., Buck, Loslow, Murphy, & Costanzo, 1992), such as co-workers. Also, emotions that are more intense, such as entrepreneurial passion, are more likely to be displayed because they are harder to regulate (Gross, 1998). Therefore, we propose the following:

P1. The experience of passion will lead entrepreneurs to display their situational emotions more frequently and intensely.

Research in psychology and neurobiology has proven that positive and negative affects are experienced in different parts of the brain and body, and operate very differently in their influence on behavior and cognitions (Damasio, 2003). If entrepreneurs are emotionally intelligent, meaning able to control their own emotions, pick up on the emotions of others, and deliberately try to influence emotions of others (Cross & Travaglione, 2003), then it is possible that entrepreneurs can choose whether to display positive emotions, negative emotions, neither, or both types of emotions with employees. We anticipate different effects of each of these choices, suggesting that a key link in the passion contagion process is the display of emotions by entrepreneurs.

Emotional intelligence is the management of the emotions of self and of others (Cross & Travaglione, 2003) and involves appraising and expressing emotion, awareness of verbally and nonverbally expressed emotions, regulation of emotions in the self and others, and utilizing emotions to provide flexibility in planning, creativity in thinking, motivation, and the ability to redirect attention (Mayer, Caruso, & Salovay, 2000). Emotionally intelligent people are able to choose what emotions to share, as well as when, and how to express these emotions to others. It is an empirical question whether entrepreneurs are emotionally intelligent, or can be trained to be so, but general management research suggests that good leaders are typically high in this skill, and are adept at varying their facial, vocal, and postural expression (Sy et al., 2005). Moreover, subordinates usually can readily ascertain leaders’ affective displays (Lewis, 2000). Recent work in entrepreneurship on affect suggests that entrepreneurs not only experience emotions, but also express them in varying ways (e.g., Chen et al., in press). We focus on the valence of the displayed emotion, whether entrepreneurs express positive or negative emotions with employees (or both or neither).

Why would entrepreneurs want to display positive emotions with employees? Research suggests that sharing positive emotions lead to setting more challenging goals, being more committed to goals once they are set, and continued striving to attain relevant goals based on a desire to maintain such positive affective states (e.g., Vallerand et al., 2003). A recent empirical study demonstrated that entrepreneur’s displays of positive emotions such as satisfaction with a project enhanced employees’ willingness to act entrepreneurially (Brundin, Patzelt, & Shepherd, 2008). Contagion of positive emotions can lead to improved cooperation, decreased conflict, and increased perceived task performance within work groups (Barsade, 2002). However, positive affects also lead to less careful or systematic processing of information (George, 2000) and may lead to complacency (e.g., Antonacopoulou & Gabriel, 2001) as individuals enjoy the positive state and may consequently not attend to factors in the environment that could reduce or remove that positivity.

In contrast, negative affective states may lead individuals to process information more carefully (Hirt, McDonald, & Melton, 1996; Martin, Ward, Achee, & Wyer, 1993), to increase their effort towards desired outcomes (Sy et al., 2005), and to demonstrate more creativity in developing solutions to problems (George & Zhou, 2002). Essentially, negative affect indicates that progress toward goals is insufficient, which will cause individuals to increase their performance or effort on the task (Sy et al., 2005) in order to make progress towards the goals and eliminate the negative affect. However, constant or prolonged displays of negative affect from a leader could have detrimental outcomes (Sy et al., 2005) as workers become burnout from their increased efforts and the overall tone of the workplace can turn to desperation from continued striving towards goals that are never reached. For example, manager’s displays of negative emotions such as frustration or worry may diminish employee’s willingness to act entrepreneurially (Brundin et al., 2008).

Taken together, this suggests a typology whereby entrepreneurs can choose to display or not display both positive and negative emotions with their employees (see Fig. 1). Entrepreneurs who share neither positive nor negative emotion are considered “closed entrepreneurs” in terms of their emotional displays. Such entrepreneurs likely either do not experience very intense or varying emotions, or else are very effective at response-focused regulation (Gross, 1998) of these emotions. A close entrepreneur would prototypically be one who focuses on the business at hand rather than forming emotional bonds with employees.

A second type of display occurs with “overconfident entrepreneurs”, who share positive emotions (pleasure, happiness, excitement) but do not share negative emotions (frustration, anger, worry) with employees. In such an environment, the overall atmosphere of the workplace is likely to be more positive, and to the extent that employees catch those positive emotions, they are more likely to set challenging goals and to be committed toward achieving such goals. However, sharing only positive emotions may lead to discounting of negative information, and less careful systematic processing of information that is associated with positive emotional states. Thus overconfident emotional display may also not be ideal.

In the opposite condition, labeled “scare entrepreneurs,” entrepreneurs display negative but not positive emotions. This is likely to lead to increased effort and more systematic information processing, at least in the short-term, as employees are scared into trying to remove the negative affect from their leaders and their work environment. However, over the long-term, this approach is
also likely to be less than optimal, given that employees will at some point burn out if constantly faced with negative feedback (Maslach, Schaufeli, & Leiter, 2001) or choose to leave an environment that is constantly negative. Individuals exposed to negative emotions of others may also choose to distance themselves from the source of those negative emotions (Gross, 1998), either by creating physical distance such as by leaving the firm, or by creating psychological distance by withdrawing emotionally from the workplace or entrepreneur.

The fourth condition, that of the open or “contagious entrepreneur,” is where both positive and negative emotions are displayed to employees. In this condition the productive benefits of sharing positive emotions are present, such as greater commitment and productivity (Sy et al., 2005), along with the productive benefits of sharing negative emotions, such as greater task effort and more careful information processing (Hirt et al., 1996). When entrepreneurs display both positive and negative emotions, a balanced emotional environment is created in the workplace, and the functional benefits of sharing both positive and negative emotions can be realized. While sharing of positive affect is more likely to lead to passion than sharing of negative affect (as explained below), sharing both positive and negative affects is more likely to have productive benefits for the organization.

4. Emotional contagion in entrepreneurial firms

As emotions are displayed within an entrepreneurial firm, there is the potential for contagion to other stakeholders, including employees. Basic psychological research suggests two primary methods of contagion: primitive emotional mimicry and social comparison. Fig. 2 provides a conceptual model of the discussion to follow.
4.1. Primitive emotional mimicry

With primitive emotional mimicry (Hatfield, Cacioppo, & Rapson, 1994), people mimic the facial expression of others, as well as their body language and movements, automatically and subconsciously. This is the idea of “monkey-see, monkey-do” where employees may become emotionally positive about the business simply by mimicking emotionally positive language, expression, and behavior of entrepreneurs. Emotional display on the part of entrepreneurs should evoke emotions in employees, or at least mimicry of the display (Neumann & Strack, 2000), based on primitive emotional mimicry research. Over time when employees display a certain emotion, they begin to internalize it, and the actual emotional may develop (Lazarus, 1991).

While primitive emotional mimicry is enough for emotional contagion to occur, we argue that it is not enough to create employee passion for the venture, for three primary reasons. First, entrepreneurial passion involves more than just momentary emotions; it involves long-term enduring feelings. Emotional mimicry may lead employees to act happy or excited about the venture, but such emotions will likely not last once the trigger that produced the emotion is removed. Psychological research supports this claim, in that when stimuli used to elicit positive emotions are removed, such as giving people a small prize, the associated positive emotions also typically diminish quickly (Bechara, Damasio, & Damasio, 2003; Cacioppo, Gardner, & Berntson, 1999).

Second, emotions and primitive emotional mimicry involve contagion of the valence and intensity of the affect (how positive or negative is it, and how strongly do I express it), but not the dimension of identity meaningfulness that is as essential component of entrepreneurial passion. For feelings to be considered passion, there has to be an underlying sense that the activity that produced the feelings is an important, almost essential aspect of the person’s self-identity. This identity relevance cannot be copied from one person to another, because every individual has a unique sense of self-identity developed over time and experience (Stryker & Burke, 2000) that is not replicable, or even sometimes knowable, from simple observation.

Third, as noted above, the emotions displayed by entrepreneurs can be both positive and negative, based on the immediate stimuli in the entrepreneur’s environment. With emotional mimicry, employees could mimic both positive and negative emotional displays, with varying results. We anticipate that mimicry of negative emotions would not lead to passion feelings, given that passion is associated with positive feelings only (Cardon et al., in press). Passion has been defined in many different ways in psychology and practice, but overwhelmingly it is viewed as positive, involving things that people love or that they find pleasure in (Vallerand et al., 2003). The majority of research on emotions in entrepreneurship has dealt with positive emotions such as pride, hope (Nair, 2003), and love (Branzei & Zietsma, 2003). Even negative emotions that have been explored (e.g., grief, Shepherd, 2003) arise because of a deeply held positive attachment between the entrepreneur and the venture. Thus, we argue that while emotional mimicry can lead to transference of entrepreneur’s emotional displays to employee emotions and associated displays, it will not lead to contagion of entrepreneurial passion to employees. More formally,

P2a. Emotional display by entrepreneurs will lead to similar emotional display by employees, through the contagion process of emotional mimicry.

P2b. While emotional display of entrepreneurial passion (positive and intense feelings) may lead to similar feelings in employees, it will not influence the meaningfulness and identification employees experience toward the organization.

4.2. Social comparison

In the social comparison model of contagion (e.g., Sullins, 1991), employee emotional reactions to stimuli are influenced by entrepreneurs’ emotional states only when the employee faces a similar situation as the entrepreneur, or believes that they do. This is the “we’re all in this together” concept, where entrepreneurs and employees work together to overcome a common challenge or threat, and when employees can identify with the entrepreneur or the venture in a meaningful way. This identity connection is akin to the concept of organizational identification, or the strength of an individual’s cognitive attachment to an organization (Dutton & Dukerich, 1991). Employees experience organizational identification when they see themselves as part of an organization and the organization as part of themselves. Employee passion involves a very high level of organizational identification, which is a cognitive connection, and also a very high level of emotional connection, where the employee experiences very positive and intense feelings for the firm. We argue that the social comparison aspect of emotional contagion is necessary for employees to experience identity meaningfulness, and therefore to experience employee passion.

We note that the identity connection we propose as part of employee passion for the firm is similar to the notion of organizational identification. Organizational identification for members of an organization refers to the strength of an individual’s cognitive attachment to the organization (Dutton & Dukerich, 1991).

With social comparison, people compare their emotions with relevant others around them, and use this as social information to understand how they themselves should be feeling (Barsade, 2002). This process involves people trying to determine why the other person is experiencing the emotion, and if it would be appropriate for themselves to experience a similar emotion. In the case of entrepreneurial passion, employees would observe the display of such passion and try to understand why the entrepreneur feels that passion. Cardon et al. (in press) argue that this is because they feel a deep identity connection to their entrepreneurial role. Employees would then determine if they share the same feeling of a deep identity connection to the firm or its activities. If such an identity connection is present, along with positive and intense feelings, then employees would also experience passion.

Contagion through both emotional mimicry and social comparison is more likely to occur with negative emotions than positive ones (Barsade, 2002). Negative events provide stronger cues and lead to quicker and stronger emotional reactions (Cacioppo &
Berntson, 1994). In addition, individuals tend to put stronger weight on negative cues than positive ones when both are present (Barsade, 2002). Therefore, entrepreneurs desiring to transfer their feelings of positively valenced passion to employees will likely have to work harder to ensure such contagion. Contagion of positive emotions through mimicry can be facilitated by entrepreneurs displaying more positive than negative emotions, but contagion of positive emotions through social comparison involves more effort than mere emotional display. Instead, contagion through social comparison can be facilitated through transformational leadership, identification as part of the founding team, and goal alignment.

4.2.1. Transformational leadership

Leadership is “intrinsically an emotional process, where leaders display emotion and attempt to evoke emotion in their members” (Dasborough & Ashkanasy, 2002: 615). Transformational leadership involves creating changes in values, goals, and aspirations that are consistent with the values of followers, and implementing change through articulating a vision, fostering acceptance of group goals, providing individualized support and intellectual stimulation and clarifying performance expectations for employees (MacKenzie, Podsakoff, & Rich, 2001). Elements of transformational leadership are individualized consideration, inspirational motivation, intellectual stimulation, and charisma or idealized influence (attributed or behavioral) (Bass & Avolio, 1990). As such, entrepreneurs demonstrating transformational leadership behaviors are likely to enhance contagion and increase employee passion for two reasons. First, transformational leaders are more likely to display their emotions to employees, given that transformational leadership relies upon things like inspirational motivation, which is inherently emotional. Second, inspirational motivation in the form of vision and a sense of mission raises levels of optimism and enthusiasm in employees (Dubinsky, Yammarino, Jolson, & Spangler, 1995), and is based on not only displaying emotions to employees, but also on fostering emotions among employees. In particular, transformational leadership is designed to enhance employee satisfaction (increase positive feelings) and also increase the employees’ acceptance of organizationally important goals as their own, thus increasing the identity relevance of the organization to the employees. We suggest the following:

P3. Entrepreneurs who experience passion will be more likely to demonstrate transformational leadership to their employees.

P4. Transformational leadership will enhance social comparison processes, and increase the meaningfulness of the organization to employees, a key dimension of employee passion.

A key part of transformational leadership is goal alignment, or when personal goals are in line with organizational or leader goals, and goal alignment alone is also likely to enhance contagion of passion to employees. When behavior is goal directed and feedback controlled, more challenging goals are set (Carver & Scheier, 1998) and more effort is devoted to obtaining that goal (George & Brief, 1996; Isen, 2000; Seo et al., 2004). Interestingly, goal alignment can be created through effective HR practices, such as by hiring employees with good “fit” with the organization (Cable & Judge, 1996), or creating proper incentives to align goals (such as through the use of stock options). It can also be created through explicit communication on the part of the entrepreneur concerning their passion, the source of it, and the meaningfulness of the organization to the entrepreneur. Communication and display of not only the raw emotion, but also the underlying cognitive sources of it, may raise the salience of the entrepreneurs’ identity connection to the venture employees and the alignment of goals between the entrepreneur and the employee. Such goal alignment would facilitate social comparison concerning the employee’s own perceived meaningfulness of the venture, and therefore their passion.

P4a. Transformational leadership will enhance the alignment of employee and organizational goals, and therefore enhance the meaningfulness of the organization to the employee, a key dimension of employee passion.

Transformational leadership can also enhance social comparison processes concerning the employees place in terms of how valued they are within the organization. This may be especially important in nascent organizations, as employees are key stakeholders that can significantly shape the organizations future (Cardon & Stevens, 2004). Identification as part of the founding or managing team is likely to increase the meaningfulness of the organization to employees, and therefore to increase employee passion. When employees identify as part of the team, they are in closer contact with the owner/entrepreneur, and the passion and the object for which it is felt is likely to be more salient in the employee’s minds. Employees may experience being part of the founding team as an important and meaningful aspect of their self-identity.

However, such identification is likely to decrease as the firm grows, and as the firm becomes more formal in terms of additional layers of management being installed within the firm, because of the associated reduced familiarity with all parts of the organization and consequently less “psychological ownership” and less intrinsic motivation (Pierce, Kostova, & Kirks, 2001) on the part of employees. As one employee of a small firm said, “I used to feel passionate about [company] when there were only 15 of us, I felt like what I did was important, but when the VC funding came in and a layer of management was installed, I didn’t feel as close to [leader] or as important. Now I feel like an employee — a good one, but still an employee.” When firms get larger, close relationships between the leader and employees are harder to maintain given the limited time resource of entrepreneurs (Klaas, McClendon, & Gainey, 2000), so effortful attempts at contagion such as engaging in transformational leadership become more difficult. Even simpler attempts at contagion, such as emotional display, are more complicated in a larger organization, because the leader may not physically see all of the employees on a regular or ongoing basis, meaning direct observation of such displays, and the resulting mimicry of them, would be less likely to occur. An increase in development in terms of the formality of the organization, or creation of bureaucratic layers, would also decrease the likelihood of contagion of passion, since again entrepreneurs would have less direct interaction with many employees...
(e.g., Hellman & Puri, 2002), making emotional display and transformational leadership more challenging. However, to the extent that it is possible, when employees feel they are part of the founding team they are more likely to feel an identity connection to the firm and its development, and are more likely to experience employee passion for the firm and its development. Thus,

**P4b. Transformational leadership will enhance employee identification as part of the founding team, and therefore enhance the meaningfulness of the organization to the employee, a key dimension of employee passion.**

### 5. Discussion and implications

“When employees are passionate about their work, their organizations thrive. Once passion is present and reinforced throughout an organization, it becomes contagious.” (Chang, 2001: 110).

Research on the psychological, cognitive, and emotional aspects of entrepreneurship has focused primarily on the founder and on founding teams, rather than on employees of emerging ventures. This paper begins to address this void by focusing on the concept of emotional contagion and presenting an initial model of some factors that may affect the contagion process in entrepreneurial ventures. By drawing on existing research in management and psychology on emotions and contagion processes, the paper starts to build a more grounded approach to the elusive concept of entrepreneurial passion and how it might be transferred to employees in this domain. We agree with Shane et al. (2003) that many of the constructs we study in entrepreneurship should be better developed through application of existing literature in core disciplines such as psychology and sociology, and we have drawn from prior work on emotion, emotional contagion, and transformational leadership to develop the model here. However, we also echo the sentiment of Brief (2001) who argued that when studying affect, we must also attend to the specific context in which we study it. Entrepreneurship is indeed a unique phenomenon where founders and ventures are often intertwined with a shared identity (e.g., Cardon et al., 2005; Handler, 1990), and in particular when studying emotions and feelings within this context, we suggest that we must borrow and adapt carefully.

We know that successful recruitment and management of employees are critical factors influencing the success of entrepreneurial firms (Baron & Hannan, 2002; Deshpande & Grolhar, 1994). Recent reviews of literature in this area (Cardon & Stevens, 2004; Heneman & Tansky, 2002; Heneman et al., 2000) highlight the importance of effective HR practices such as recruiting (e.g., Barber et al., 1999) and compensation (e.g., Balkin, 2006). This literature suggests that one key way to motivate and engage employees is through appropriate HR systems, in particular hiring employees with appropriate “fit” to the organization (Cable & Judge, 1996) and establishing incentive compensation to align employee and organizational goals (Graham et al., 2002). Some would suggest that if HR systems are effective, then employees will be more engaged with the venture, will exert greater effort on behalf of the firm, and may develop commonly studied outcomes such as job satisfaction and organizational commitment (e.g., Mathieu & Zajac, 1990).

We argue that such outcomes may also occur due to the emotional engagement of employees. Just as with entrepreneurs, employees who feel passion for the venture may also be more creative, persistent, and ambitious in goal setting due to positive affect. Indeed, a recent paper by David Goss suggests that Schumpeter (1934), one of the first scholars in entrepreneurship, talks about the importance of emotion in entrepreneurship and suggests that “Even where [employees] are influenced by consciously calculative motives (i.e. sharing in the financial rewards of the innovator) the emotional exhilaration of associating with a ‘prime-mover’ is undeniable.” (Goss, 2005: 215). This suggests that the emotions of employees may also be highly relevant in entrepreneurship, even if they have a profit motive for working for the entrepreneur rather than a more intrinsic motive. Therefore understanding how such emotions and feelings, in particular passion, can be transferred from entrepreneur to employees is important.

In particular, we argued that while primitive emotional mimicry may increase the emotional display of employees, it alone will not induce employee passion. Instead, employee passion is dependent upon employees experiencing both positive feelings for the venture and experiencing a sense of identity relevance or meaningfulness for the firm. Such identity connection can be enhanced, we suggest, through transformational leadership including goal alignment and identification as part of the founding team. Finally, because negative emotions are more easily communicated and transferred than positive ones (Barsade, 2002), we suggest that if entrepreneurs want their employees to experience passion they must work harder in order to make their own passion contagious to their employees. This model has a number of implications and areas for future inquiry.

#### 5.1. Areas for future inquiry

Three fundamental sets of questions arise from the model. First, the model presented here is an initial look at the potential for emotional contagion of passion in entrepreneurship as the intentional transfer of passion from entrepreneur to employees, yet emotional contagion may occur between other actors in an entrepreneurial environment. For example, entrepreneurs may try not to display emotions, a concept called bounded emotionality (Aldrich, 1999; Mumbly & Putnam, 1992) or emotional suppression (Gross & Levenson, 1993). If this occurs, then employees also play an active role in managing the emotions in their work environments, and it may be other entrepreneurial leaders or other employees that are central to the creation of employee passion in this context. Support for this possibility comes from Mumbly and Putnam (1992: 491), who argue that sometimes “emotional management tactics were actually developed and shared by the workers as part of their community of practice, rather than by managers,” a concept also talked about by Rafaeli and Sutton (1990) when discussing emotional display. Future work focused on identifying the “emotional leader” of entrepreneurial organizations and under what conditions this leader is distinct from the primary entrepreneur or entrepreneurial team, may yield interesting insights.

Similarly, emotional contagion within a team of entrepreneurs, or between entrepreneurs and other key stakeholders, such as investors, is an area ripe for future inquiry. Recent research has demonstrated that venture capitalists respond to the level of
passion entrepreneurs express in their business pitches (Chen et al., in press), and extending this work to other resource sources using an emotional contagion framework may prove insightful.

There is also recent work demonstrating that employees can often tell if the emotional displays of their founders are real or fake, designed simply to exert more productivity out of them. For example, research has been done on “pseudo-transformational leadership” where leaders deliberately manipulate the emotions of followers to achieve undesirable aims (Bass, Avolio, & Atwater, 1996). This research suggests that such pseudo-leadership is not effective, and may have a negative effect if employees feel they are being deceived. While we have focused on the display of authentic, rather than artificial emotions in this paper, further exploration of potential differences between their effectiveness is needed in an entrepreneurial context.

A second area for future inquiry concerns the role environmental or contextual factors may play on the emotional contagion process in entrepreneurship. For example, the size and age of the firm may play a role, as may the stage of the life cycle the firm was in when the employee joined the firm. Employees who join a firm in its emergence stage may feel more identity meaningfulness than employees who join a firm in a more mature stage, although potential confounds between life stage and organizational size will need to be considered. The specific job role the employee has within the firm may also impact the extent to which they experience identity meaningfulness, and therefore can experience passion for the venture. Finally, the specific HR practices that are in place to align goals or otherwise encourage employee engagement may influence the emotional contagion process. Although extrinsic incentives can often lead to a more transactional commitment to the organization than emotional commitment (Meyer & Allen, 1997), there is also evidence that when incentives include partial ownership of the firm, psychological ownership and its associated meaningfulness can also occur (Pierce et al., 2001).

A third avenue for future research is to empirically examine the emotional contagion process in entrepreneurship. Such work would need to measure not only emotional display of both the entrepreneur and the employees, but also the felt meaningfulness and experience of passion feelings. As noted earlier, some individuals experience emotions but don’t display them (Gross & Levenson, 1993), some individuals display emotions that they don’t experience (Rafeli & Sutton, 1987), and of course some display emotions that they do experience. Future empirical research must separate the experience and display of emotions and measure both in order to understand the distinctions between what is experienced and displayed by both entrepreneurs and by employees, and the relationship of both to important work attitudes, behaviors and outcomes. Of note is that in order for such research to progress, a valid and reliable scale to measure entrepreneurial passion must be developed, and its distinction from other similar constructs, such as optimism (Scheier, Carver, & Bridges, 1994) or confidence (Mowday, 1979) must be established. Current empirical work on emotions typically involves emotional reactions to stimuli that are independent from the individual (such as watching a movie of puppies, designed to induce positive emotions), whereas in the case of entrepreneurial passion, the stimuli (the venture, for example) is a critical and central object in the entrepreneur’s life (Cardon et al., in press). Because of these differences, new empirical research methods designed to study emotional contagion in entrepreneurship may need to be developed.

The more practical implication of this work concerns the necessity for teaching entrepreneurs how to transfer passion to employees, if such contagion is found to be productive in this context. While we have made many suggestions in this regard in the conceptual model, it remains an empirical question how emotionally intelligent entrepreneurs are, or whether their level of such intelligence, or transformational leadership skills, can be increased through appropriate training. Work by Salovey and Mayer (1990) and Goleman (1998) suggests that emotional intelligence is indeed a trainable skill. People can be taught not only how to recognize their own emotions, but also how to regulate or control them and the behaviors that result from them, using both reactive and coping strategies including analytical, creative, and practical competencies and skills (Kerr, Carvin, Heaton, & Boyle, 2006), as well as response-focused regulation (Gross, 1998). The skills associated with emotional intelligence and emotional regulation are often incorporated into leadership training seminars, and some scholars have suggested that they should also be included in our entrepreneurial training (e.g., Matherne, Cardon, Zietsma, & Davis, 2004), along with courses on how to write business plans, finance new venture creation, and effectively manage operations.

6. Conclusion

The contagion of entrepreneurial passion to employees is a new area of inquiry in the field of entrepreneurship, and this initial foray into uncharted territory leaves more questions than answers. Yet the anecdotal evidence from the field suggests that the topic is important. The ability of leaders to influence the emotional climate of the organization can strongly influence performance (Humphrey, 2002) as well as workplace attitudes. It is our challenge to find solid theories and empirical evidence to help entrepreneurs and ourselves understand and improve upon this process.

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