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Emotions rule the entrepreneurial process

Passion, fear, anxiety, compassion, and emotional intelligence can make or break a venture. Emotions don't just accompany entrepreneurship – they actively drive it. Florencio Portocarrero lists four ways these emotions shape the entrepreneurial journey.

Governments often see entrepreneurs as **the engines** of innovation, job creation and economic growth. In the UK alone, small and medium enterprises account for 99.8 per cent of the **business population** and employ more than **16 million people**.

But behind these statistics lies an often-overlooked reality. Entrepreneurship is not just a strategic or financial undertaking, it's primarily an emotional journey. From the spark of an idea to the triumphs and failures of running a business, emotions constantly shape how entrepreneurs think, decide, act and relate to others.

Recent **research I led** draws on 276 studies to show that emotions don't just accompany entrepreneurship – they actively drive it. Far from being distractions, emotions like passion, fear, anxiety, compassion, and emotional intelligence can make or break a venture. Here are four ways they shape the entrepreneurial journey.

1. The double-edge of passion

Ask any entrepreneur what keeps them going through long hours, tight budgets and personal sacrifice, and you'll likely hear the word "passion". Passion is one of the most studied emotions in entrepreneurship – for good reason. It fuels **creativity, motivates persistence** and can **inspire others**. Investors are more likely to back **passionate founders** and employees feel **more engaged** when their leaders show authentic enthusiasm. Passionate storytelling resonates with customers.

Most of the benefits linked to this passion emerge when entrepreneurs choose to pursue ventures that align with their identity and values. This aspect of the emotion is called harmonious passion, and it **leads to** greater wellbeing, better work-life balance and sustained motivation source.

But passion also has a darker side, called obsessive passion. This is a type of emotional experience driven by internal pressures (for example, self-worth) or external expectations (status or validation). Entrepreneurs with high levels of obsessive passion often become workaholics, suffer burnout and cannot walk away from their enterprises. This is even the case when their ventures are experiencing **sustained failures**.

Passion can be a superpower. But like any power, it needs to be wielded with care.

2. Fear and anxiety: not always the enemy

Starting a business is inherently risky. Founders often deal with uncertain markets, fluctuating cash flow and high personal stakes. Unsurprisingly, fear and anxiety are common companions in this journey.

These emotions are often framed negatively, but **our research** shows that they serve vital functions. Fear can make entrepreneurs **more vigilant** and help them anticipate challenges. Anxiety can enhance **performance under pressure**, such as during investor pitches or public launches. They can act like emotional smoke alarms, warning entrepreneurs about potential problems before they spiral.

However, problems arise when these emotions become overwhelming. Chronic **fear of failure** can prevent entrepreneurs from taking calculated risks. It can lead to perfectionism, decision paralysis or prematurely abandoning promising ideas.

The key is not to suppress fear or anxiety but to manage these emotions. Practices like journaling, peer mentorship and mindfulness training are valuable tools. They can help entrepreneurs reflect and use fear constructively rather than letting it control them.

3. Compassion as fuel for social entrepreneurship

Entrepreneurship isn't always about chasing profits. Many founders launch ventures to address urgent social issues, from poverty and inequality to environmental degradation. These social entrepreneurs are often driven not just by vision but also by compassion.

Our review found that compassion is a defining emotional characteristic of social entrepreneurs. It motivates them to act when others turn away. It helps them connect with communities, earn trust and stay resilient in the face of adversity. Their **emotional connection** to a mission creates a deep sense of purpose that can carry them through setbacks that might paralyse other entrepreneurs.

This emotional resilience is often overlooked in traditional entrepreneurship education, which tends to emphasise strategy and metrics. But for many mission-driven founders, compassion is the emotional backbone of the business.

4. Emotional intelligence as a business strategy

Emotions don't just shape how entrepreneurs feel, they affect how others respond to them. Our research found that **emotional intelligence** – the ability to recognise, understand and regulate emotions – is a critical skill for entrepreneurs.

Founders who demonstrate **high emotional intelligence** motivate teams better, manage conflict and build trust with stakeholders. They're more likely to retain talent, adapt under pressure and sustain long-term ventures. Investors, too, respond to emotional cues. A confident and passionate pitch can be more persuasive than a technically perfect but emotionally flat one.

However, there's a fine line. Too much emotional expression can **backfire**. Investors may question the founder's judgement, and teams may interpret it as instability.

The most effective entrepreneurs aren't those who suppress their emotions but those who strategically deploy them. In a world where startups rise and fall on relationships, emotional intelligence is not a soft skill. It's a core business strategy.

Entrepreneurship is an emotional endeavour. The highs are exhilarating, but the lows can be crushing. While grit and skill matter, our review shows that founders' emotional agility often determines whether they thrive or **burn out**.

Innovation should be celebrated, and it's vital to recognise and support entrepreneurs' emotional experiences. That means building programmes that teach emotional management, creating networks that offer psychological safety, and reframing failure not as weakness but as part of the emotional terrain of entrepreneurship.

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