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Entrepreneurial Mindset as Predictor of Resilience among Gambian Youth Entrepreneurs: The Mediating Role of Business Acumen and Business Persistence

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Abstract

**Background/ problem:** In fragile economies, such as The Gambia, young entrepreneurs face persistent structural and contextual challenges, limited financial access, institutional voids, cultural constraints, and underdeveloped infrastructure that threaten business survival. Traditional entrepreneurship models often overlook the behavioral and psychological capacities needed to thrive in such conditions.

**Objective/ purpose:** Grounded in psychological capital theory, this study investigates how the psychological resources of hope, self-efficacy, and optimism interact with entrepreneurial traits, specifically business acumen and business persistence, to build resilience among young entrepreneurs in The Gambia.

**Design and Methodology:** A quantitative approach was used, drawing on data from 203 entrepreneurs, aged 18–35 across Banjul City, Kanifing Municipality, and West Coast Region, The Gambia. PLS-SEM was applied to test the hypothesized model.

**Results:** The entrepreneurial mindset significantly predicts resilience both directly ( $\beta = .55, p < .001$ ) and indirectly via business acumen ( $\beta = .25, p < .001$ ), indicating partial mediation. Business acumen also positively influences resilience ( $\beta = .40, p < .001$ ) and business persistence ( $\beta = .51, p < .001$ ). Although entrepreneurial mindset predicts business persistence ( $\beta = .33, p < .001$ ), business persistence does not significantly affect resilience ( $\beta = .08, p = .26$ ), and its mediating effect is unsupported ( $\beta = .01, p = .30$ ).

**Conclusion and Implications:** These findings contribute to behavioral science by empirically validating resilience as a behavioral outcome shaped by psychological and entrepreneurial traits. The study advances interdisciplinary understanding of youth entrepreneurship and informs behavioral policy design for fragile economies. Specifically, the results can be utilized by policymakers, entrepreneurship educators, and development organizations in contexts such as The Gambia to design targeted interventions that strengthen youth entrepreneurial resilience.

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Psychological capital theory provides a useful lens for understanding how entrepreneurs adapt to adversity. Resilience has emerged as a vital psychological capacity in entrepreneurial behavior, particularly within fragile and resource-constrained environments, where adversity is constant and often a catalyst for adaptation and growth (Njaramba & Olukuru, 2025). Entrepreneurs in such contexts routinely face challenges such as limited access to finance, weak institutional support, and socio-cultural constraints (Faal, 2020; International Trade Centre [ITC], 2022a). For young entrepreneurs in The Gambia, these challenges are compounded by underdeveloped infrastructure, restrictive cultural expectations, and inadequate access to entrepreneurial education and technology (Lim et al., 2022; United Nations Conference on Trade and Development [UNCTAD], n.d.). These conditions contribute to high rates of business failure and

psychological burnout, underscoring the urgent need to identify the internal mechanisms that enable entrepreneurs to persist.

Psychological capital (PsyCap) is a higher-order construct consisting of hope, self-efficacy, optimism, and resilience that offers a promising behavioral lens through which to understand entrepreneurial resilience (Luthans et al., 2007). While PsyCap has been broadly studied in corporate and organizational psychology, its application within entrepreneurship, particularly in developing and fragile contexts, remains limited (Díaz-Pincheira, 2025; Newman et al., 2014). Moreover, resilience has traditionally been treated as a component of PsyCap, rather than a distinct outcome. This study adopts a novel, interdisciplinary behavioral science approach by reconceptualizing resilience as a behavioral outcome of the three PsyCap components. It integrates concepts from industrial and organizational psychology, entrepreneurship management, and positive psychology to examine how internal psychological traits of hope, self-efficacy, and optimism interact with applied business behaviors such as acumen and persistence. In doing so, it contributes to behavioral science literature by repositioning resilience as a dynamic, action-oriented capacity developed through internal belief systems and externally observable behaviors.

Therefore, the central problem addressed in this study is the limited understanding of how young entrepreneurs in fragile economies such as The Gambia can develop resilience in the face of systemic barriers. While resilience is often conceptualized as a component of psychological capital, its role as a distinct behavioral outcome in entrepreneurial contexts remains underexplored. Previous studies have also focused predominantly on corporate or educational settings in developed economies, leaving a knowledge gap in fragile and resource-constrained environments. The originality of this study lies in reconceptualizing resilience as a behavioral outcome of PsyCap traits and empirically testing this refinement within a fragile entrepreneurial ecosystem. In doing so, the study provides both theoretical innovation and practical implications for behavioral science and entrepreneurship policy.

To bridge this research gap, this study introduces the resilient entrepreneurial mindset integration (REMI) model and seeks to answer the subsequent research questions: (1) How does entrepreneurial mindset grounded in psychological capital components of hope, self-efficacy and optimism influence the resilience of young entrepreneurs in The Gambia? (2) To what extent do business acumen and business persistence mediate the relationship between PsyCap components and resilience? By investigating these questions, this study reframes resilience as a dynamic outcome of internal psychological states and externally expressed entrepreneurial behaviors. These insights extend the academic comprehension of psychological resilience in entrepreneurship and provide practical implications for strengthening youth entrepreneurial capacity in fragile, resource-constrained environments.

## Literature Review

This section reviews the theoretical and empirical literature relevant to entrepreneurial resilience in fragile economies. First, the psychological capital framework is discussed as the foundational theory. Following key constructs such as entrepreneurial mindset, resilience, business acumen, and business persistence are examined, followed by their interrelationships and hypothesized pathways.

### Theoretical Background

The psychological capital (PsyCap) theory serves as the grand theory underpinning this study. The PsyCap was initially described by Luthans et al. (2007) as a combination of four interdependent positive psychological resources, which include hope, optimism, self-efficacy, and resilience. Empirical findings on PsyCap have been established in organizational, educational, and clinical contexts, which indicate that PsyCap is related to enhanced performance, well-being, and adaptability (Dawkins et al., 2015; Luthans et al., 2016). It is demonstrated that these resources affect attitudes, behaviors, and outcomes (Alessandri et al., 2018). Despite this empirical basis, past studies have mainly involved corporate workers in developed economies.

The current research is an expansion of the PsyCap framework to the entrepreneurial context of The Gambia, a fragile setting characterized by limited access to finance, weak institutional support, underdeveloped infrastructure, and socio-cultural constraints, where internal psychological resources can be crucial facilitators of business survival. Building on prior studies, this research treats resilience not as a coequal component of PsyCap but as an outcome of the other three traits: hope, optimism, and self-efficacy. This perspective is supported by Avey et al. (2011) and Newman et al. (2014), who emphasize the conditional nature of resilience, depending on internal states and external circumstances. This reorientation allows for a more behaviorally grounded explanation of how psychological traits translate into entrepreneurial performance in challenging environments.

To put this theoretical adaptation into context, this study presents the resilient entrepreneurial mindset integration (REMI) model. Psychological Capital and entrepreneurial behavior in low-resource environments have seldom been integrated into existing models. The REMI model fills this gap by integrating internal psychological characteristics with viable entrepreneurial behaviors that spur resilience in weak economies. The REMI model assumes that hope, optimism, and self-efficacy create a psychological momentum that is operationalized by business acumen and business persistence, leading to increased resilience. This methodology reflects the behavioral science approach that cognition and emotion are the engines of observable adaptation (Faye et al., 2018) and is consistent with current literature that considers resilience as a dynamic, action-oriented capacity that is built up through inner belief systems and externally observable behaviors (Zettel, 2025).

### **Psychological Capital Theory**

Psychological Capital is composed of three positive psychological traits of hope, self-efficacy, and optimism used in this study. Hope is the inspirational force and the perceived ability to develop avenues to achieve objectives (Marques et al., 2024). Self-efficacy is the belief in the ability of an individual to combine motivation, cognitive resources, and behavior to achieve situational requirements (Liu et al., 2024). Optimism can be described as the general expectation that positive things will happen in the future (Carver et al., 2010). All these characteristics create psychological momentum, which equips people to overcome and survive a setback. In prior studies, PsyCap is commonly measured using the psychological capital questionnaire (PCQ) developed by Luthans et al. (2007), which assesses hope, self-efficacy, and optimism using a Likert-type scale.

### ***Empirical Research***

Empirical studies show that PsyCap traits are linked to improved performance, coping, and well-being across organizational settings (Alessandri et al., 2018; Luthans et al., 2007). Yet, few studies have examined how PsyCap influences entrepreneurial resilience in Sub-Saharan Africa. In the Gambia, youth entrepreneurs face systemic constraints such as credit inaccessibility, weak entrepreneurial education, and socio-cultural norms that discourage risk-taking (ITC, 2022b). These structural barriers are compounded by cultural expectations surrounding risk, failure, and informal economic participation, which shape how young entrepreneurs perceive and utilize their psychological resources.

Faal (2020) found that most early-stage ventures fail within five years due to low strategic capabilities and a lack of support services. In this context, internal psychological capital, when translated into business behaviors, becomes essential for survival. While entrepreneurship programs have proliferated in The Gambia, they often neglect the role of psychological traits and behavioral persistence in long-term success. Motivation alone is insufficient without business knowledge and sustained behavioral effort (Fatty et al., 2023; Ministry of Communications and Digital Economy, 2023). Therefore, understanding the mechanisms that link PsyCap to resilience through behavioral mediators such as business acumen and business persistence provides a more holistic view of what drives entrepreneurial sustainability in fragile contexts.

### **Entrepreneurial Mindset**

Entrepreneurial mindset is a set of cognitive orientations, including opportunity recognition, decisiveness, risk tolerance, and the ability to persevere and think adaptively, and their unity is a dedication to learning through experience, especially failure (Baron, 2004; Vinsensius & Ryandra, 2024). Recent studies highlight that an entrepreneurial mindset serves as the foundation for sustained effort, making it a

critical precursor to business persistence in uncertain environments (Ratinho & Sarasvathy, 2024). In the psychology literature, researchers tend to relate entrepreneurial mindsets with an increased level of self-determination, problem-solving tendency, and a tendency to incorporate failure into continuous adaptation (Endarwati et al., 2023). Empirical research indicates that these attitudes promote a high level of adaptability, which is especially important in the volatile environments typical of entrepreneurial activities, and have been measured using multidimensional instruments that capture opportunity recognition, adaptive thinking, and risk orientation (Liao et al., 2022).

## **Resilience**

Resilience is operationalized and defined in this study as a dynamic behavioral outcome, the ability to face challenges, adapt, and persist by continuing to pursue a goal even after going through adversity. Resilience includes emotional regulation, cognitive flexibility, and continued motivation while going through challenges. In fragile economies, resilience is indispensable for entrepreneurial sustainability and long-term growth (Kiptoo et al., 2024). Resilience is typically assessed using instruments such as the Connor-Davidson resilience scale (CD-RISC) and the PsyCap resilience subscale, which emphasize adaptability, coping, and sustained effort (Luthans et al., 2007).

## **Business Acumen**

Business acumen is defined as the capability to understand and manage various aspects of a business effectively. According to Sahu, business acumen includes dimensions such as financial literacy, risk management, and strategic thinking, which are essential for managing emerging enterprises (Sahu, 2024). It includes financial literacy, opportunity recognition, and strategic resource allocation. In fragile contexts, this trait is vital for mitigating risk and adapting to rapidly changing conditions (Grilli, 2022). Business acumen has been measured using competency-based tools that evaluate strategic decision-making, financial analysis, and opportunity recognition (Veliyath et al., 2012).

## **Business Persistence**

Business persistence is the sustained effort and goal-oriented action an entrepreneur exhibits despite challenges and failures (Baum & Locke, 2004). It reflects not only motivation but also the behavioral expression of resilience (Al Issa, 2020). Persistent entrepreneurs maintain goal pursuit even amid uncertainty and early-stage setbacks, reflecting both emotional commitment and behavioral consistency (Korber & McNaughton, 2017). Business persistence is commonly measured using behavioral scales developed by Baum and Locke (2004), which assess sustained goal pursuit, perseverance, and consistent entrepreneurial effort.

## **Entrepreneurial Mindset and Resilience**

Building on the previous definition, entrepreneurial mindset is characterized by a proactive orientation, opportunity recognition, creativity, and long-term persistence. This mindset is essential in environments marked by volatility and uncertainty, such as The Gambia, where young entrepreneurs often face institutional voids, limited access to finance, and socio-cultural constraints (Faal, 2020; UNCTAD, n.d.). Prior studies have found that people who possess an entrepreneurial mindset are more prone to adapt to adverse situations, set realistic goals, and persist toward achieving them, all of which are key features of resilience (Isichei et al., 2024).

This study reaffirms resilience as a dynamic behavioral outcome, not merely a personality trait shaped by psychological and cognitive resources. (Faye et al., 2018). Given the evidence that entrepreneurial mindset enhances psychological resources of hope, self-efficacy, and optimism (Ratinho & Sarasvathy, 2024), it is rational to hypothesize a direct influence on resilience.

H1: Entrepreneurial mindset positively influences resilience.

## **Business Acumen and Business Persistence as Mediators**

While the entrepreneurial mindset serves as the psychological foundation, it is the application of this mindset through entrepreneurial behavior that transforms potential into outcomes. Two critical behavioral traits that facilitate this translation are business acumen and business persistence. Entrepreneurs with robust

business acumen are better inclined to make informed decisions using financial, strategic, and market insights (Zelenka & Podaras, 2021). Additionally, they are better able to navigate uncertainty and leverage resources effectively, which can significantly contribute to resilience in unstable environments (Sahu, 2024). It is hypothesized that entrepreneurial mindset enhances business acumen, which in turn increases resilience.

H2: Entrepreneurial mindset positively influences business acumen.

H3: Business acumen positively influences resilience.

H4: Business acumen mediates the relationship between entrepreneurial mindset and resilience.

Business persistence, on the other hand, is the consistent grit applied by entrepreneurs despite facing significant setbacks (Al Issa, 2020). Persistence is a key behavioral manifestation of internal psychological resources such as hope and self-efficacy. However, persistence is not universally adaptive; nevertheless, entrepreneurs with strong persistence are more likely to overcome operational challenges, maintain long-term vision, and achieve business continuity, thereby enhancing their resilience (Heminger et al., 2024).

H5: Entrepreneurial mindset positively influences business persistence.

H6: Business persistence positively influences resilience.

H7: Business persistence mediates the relationship between entrepreneurial mindset and resilience.

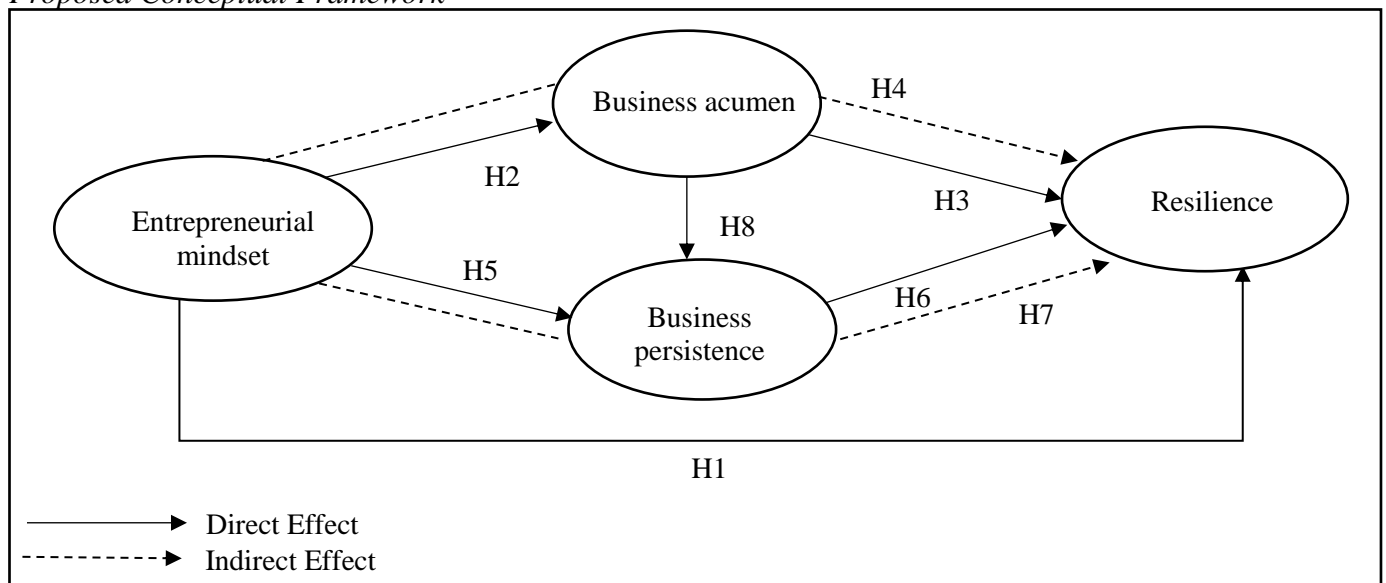
Additionally, research suggests that strategic competencies such as business acumen can reinforce consistent entrepreneurial effort by increasing clarity, confidence, and control over decision-making. Entrepreneurs who possess greater insight into their market and financial environment are more likely to sustain effort through difficult periods, as they perceive challenges as manageable and success as attainable (Hamzah & Othman, 2022). This suggests a directional relationship in which business acumen enables persistence.

H8: Business acumen positively influences business persistence.

In summary, the literature indicates a layered process in which PsyCap traits (hope, self-efficacy, and optimism) provide internal psychological resources that shape the entrepreneurial mindset. Entrepreneurial mindset, in turn, influences behavioral mechanisms such as business acumen and persistence, which channel psychological resources into practice. Finally, resilience emerges as the adaptive outcome of these interactions. This integrated logic underpins the REMI model and guides the hypotheses presented in this study. Based on the hypotheses, a conceptual framework was proposed as shown in Figure 1.

**Figure 1**

*Proposed Conceptual Framework*





## Method

### Research Design

This study utilized a quantitative, cross-sectional approach with an explanatory design. The approach was appropriate given the study's aim to examine the relationship between psychological capital, entrepreneurial traits, and resilience among young entrepreneurs. The explanatory design allowed for testing the direction and strength of proposed relationships using a theory-driven model. Partial least squares structural equation modeling (PLS-SEM) was employed due to its flexibility with small sample sizes, predictive focus, and ability to estimate mediation effects between latent constructs.

### Research Setting

The study was conducted in The Gambia, a low-income West African country, classified as a fragile context due to its economic volatility, institutional underdevelopment, and high youth unemployment. This classification is consistent with the World Bank (2023) definition of fragile and conflict-affected states. In this study, entrepreneurial ecosystem refers to the networks, institutions, and support systems, such as chambers of commerce, incubators, and policy frameworks, that enable or constrain entrepreneurial activity. The research focused on three regions that host the country's most active entrepreneurial ecosystems: Banjul City, Kanifing Municipality, and the West Coast Region. These areas were selected because of their concentration of young entrepreneurs, innovation hubs, and access to key support institutions, including the Gambia Chamber of Commerce and Industry (GCCCI), the Gambia Youth Chamber of Commerce (GYCC), Gambia Investment and Export Promotion Agency (GIEPA), and Startup Incubator Gambia.

### Participants/ Sample

The target population consisted of an accessible population of 400 registered Gambian youth entrepreneurs aged between 18 to 35 years, consistent with the African Union (2019), which defines youth as individuals aged 15–35 years. This study adopted the 18–35 age range to focus on legal adults within the broader youth category applicable to The Gambia, specifically those who were actively running a business at the time of the study. Participants came from a variety of industries such as agriculture, digital services, retail, fashion, and food processing. In addition, the study stipulated that respondents must have been in charge of a business for at least one year. The final sample comprised 203 young entrepreneurs, consistent with the inclusion criteria and with sufficient statistical power for PLS-SEM analysis. The demographic characteristics of the respondents reflected the broader youth entrepreneur population in urban Gambia, with representation across genders, industries, and levels of education.

### Sampling and Sample Procedures

The study applied a stratified random sampling procedure to guarantee proportional representation across the three selected regions. The sampling frame was developed with the help of institutional partners in The Gambia, which gave access to member directories and registration lists of young entrepreneurs. Stratification was based on geographic location and sector, after which participants were randomly selected within each stratum. Inclusion criteria required that participants a) were Gambian nationals aged 18–35 years, b) had been operating an active business for at least one year, and c) provided informed consent to participate. Entrepreneurs who were inactive, outside the specified age range, or in the idea stage of business development were excluded from the sample.

The sample size was determined using two paths. First, Yamane's (1967) formula for determining sample size from a finite population was used. With an accessible population of approximately  $N = 400$  entrepreneurs and a margin of error of 5% ( $e = .05$ ), the recommended sample size is calculated as:

$$n = \frac{N}{1 + N(e)^2} = \frac{400}{1 + 400(0.05)^2} = \frac{400}{1 + 1} = \frac{400}{2} = 200$$

Second, based on guidelines from Hair et al. (2021) for PLS-SEM, at least 10 responses per observed indicator are required to ensure model reliability and validity. Since the final model included 16 indicators, a minimum sample of 160 responses was needed from 16 observed indicators across four latent constructs. A total of 203 responses were received. Therefore, the actual sample of 203 respondents exceeds this threshold, confirming the adequacy of the sample size (Hair et al. 2021).

## Instruments

The study utilized a structured, self-administered questionnaire developed specifically for the research objectives. Rather than adopting full-length psychometric scales, the instrument was designed based on conceptual indicators derived from well-established constructs in the literature. Each of the core constructs, entrepreneurial mindset, business acumen, business persistence, and resilience, was measured using four items. The items were developed to capture the specific dimensions of each construct as reflected in both international literature and Gambian entrepreneurial contexts. Resilience was measured utilizing four items drawing on Luthans et al. (2007). Entrepreneurial mindset was adopted from Baron (2016). Business acumen was adopted from Veliyath et al. (2012) to assess business acumen competencies. Lastly, business persistence was adopted from Baum and Locke (2004).

Responses were collected by means of a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). A pilot study was conducted with 30 young entrepreneurs to assess item clarity and internal consistency. Feedback from the pilot informed minor adjustments in wording and layout to improve readability. All constructs confirmed satisfactory reliability, with Cronbach's alpha values exceeding the 0.70 threshold (Hair et al., 2021). The questionnaire was administered in English, the official language of The Gambia and the medium of higher education and business communication; therefore, back-translation was not required.

## Procedure

Data were collected via an online survey administered through Google forms. Previous studies have endorsed Google forms as a reliable tool for online surveys, demonstrating good response rates and effectiveness in gathering data from diverse participant groups (Mukherjee, 2019). The use of an online platform was selected for efficiency, cost-effectiveness, and capacity to reach a geographically dispersed population of entrepreneurs. Distribution was carried out through strategic partners in The Gambia, which shared the survey link with their registered members via email, WhatsApp groups, and internal networks. This approach allowed for broad access to a cross-section of the target population across the three study regions.

The questionnaire included a cover page explaining the purpose of the research, assuring anonymity, and requesting voluntary consent. Participants were informed of their right to decline or withdraw at any stage without consequence. No personally recognizable data was collected, and all responses were collected for academic purposes only. The survey was open for four months, and data were collected from November 2024 to March 2025.

## Results

### Sample Characteristics

The respondents' profile in Table 1 displays the demographic profile of 203 respondents across diverse categories. In terms of age, the majority are between 26–30 years (38.9%), followed by those aged 31–35 (31.0%) and 18–25 (30.0%). The gender distribution shows a higher proportion of male respondents (60.1%) equated to female respondents (39.9%). Regarding education, most participants hold an undergraduate degree (37.4%), followed by high school graduates (28.1%), postgraduate degree holders (26.1%), and a small portion with other educational backgrounds (8.4%). When it comes to work experience, the largest group (42.9%) has between 1–3 years, while 27.6% have 4–6 years, 26.5% have 1 year, and only 3.0% have more than 6 years of experience.

**Table 1**  
*The Respondents' Profile*

Measure	Description	Frequency	Percentage
Age	18–25	61	30.0
	26–30	79	38.9
	31–35	63	31.0
Gender	Male	122	60.1
	Female	81	39.9
Education Level	High School	57	28.1
	Undergraduate Degree	76	37.4
	Postgraduate Degree	53	26.1
	Other	17	8.4
Years of Experience	1 year	54	26.5
	1–3 years	87	42.9
	4–6 years	56	27.6
	More than 6 years	6	3.0

### Measurement Model Assessment (Outer Model)

In PLS-SEM, the first step is to validate the measurement model through factor analysis before testing structural relationships. This involves examining factor loadings, internal consistency reliability, convergent validity, and discriminant validity to ensure that the observed items adequately represent their latent constructs. The measurement (outer) model assessment was performed utilizing SmartPLS 4, as presented in Table 2. The results show strong reliability and validity for the latent constructs. (CR) Scores were also above .80, which exceeded the recommended threshold of  $> .70$  (Hair Jr. et al., 2022), confirming construct reliability.

**Table 2**  
*Validity and Reliability*

Variables	No. of Items	Cronbach's Alpha	Composite Reliability	AVE
Resilience	4	.80	.87	.62
Entrepreneurial mindset	4	.79	.86	.61
Business acumen	4	.84	.89	.68
Business persistence	4	.73	.85	.65

Furthermore, (AVE) scores ranged from .61 to .68, all above the .50 benchmark (Hair Jr. et al., 2022), therefore supporting convergent validity. These results show that the measurement model demonstrates adequate reliability and convergent validity.

Additionally, discriminant validity was evaluated using the fornell-larcker criterion as indicated in Table 3. The square roots of AVE for business acumen (.82) and business persistence (.80) exceeded their inter-construct correlations, reinforcing discriminant validity for these constructs. However, the correlation between Entrepreneurial mindset and resilience (.82) slightly exceeds their respective AVE square roots (.78 and .79), indicating potential overlap. This is not unexpected, as resilience in this study is conceptualized as a behavioral outcome influenced by entrepreneurial mindset, a core trait in PsyCap theory. Nevertheless, the outer-loading analysis revealed that all 16 items have outer loadings exceeding .70, with none falling below the .60 benchmark, in line with Wong (2013). Given this and the theoretical relatedness of these constructs, discriminant validity is considered acceptable.



**Table 3**
*Fornell-Larcker Criterion*

Variables	Business Acumen	Business Persistence	Entrepreneurial Mindset	Resilience
Business acumen	.82			
Business persistence	.74	.80		
Entrepreneurial mindset	.70	.68	.78	
Resilience	.77	.68	.82	.79

### Structural Model Assessment (Inner Model)

As shown in Table 4, the explanatory power of the structural model was measured using R-square. The model accounted for 75.0% of the variance in resilience ( $R^2 = .75$ ), 60.0% in business persistence ( $R^2 = .60$ ), and 48.0% in business acumen ( $R^2 = .48$ ), indicating substantial to moderate explanatory strength across the endogenous constructs. Predictive relevance was evaluated using  $Q$ -square ( $Q^2$ ) scores obtained through the blindfolding procedure. All  $Q^2$  values exceeded 0, confirming the model's predictive relevance (Hair et al., 2021; Ringle et al., 2015).

**Table 4**
*Explanatory and Predictive Power*

Variable	R-Square	Q-Square
Business Acumen	.48	.32
Business Persistence	.60	.38
Resilience	.75	.46

**Table 5**
*Hypothesis Testing*

Hypothesis	Path	Beta ( $\beta$ )	$t$ Statistic	$p$ Value	Outcome
H1	EM $\rightarrow$ R	.55	9.04	< .001	Full Support
H2	EM $\rightarrow$ BA	.70	5.33	< .001	Full Support
H3	BA $\rightarrow$ R	.40	5.70	< .001	Full Support
H4	EM $\rightarrow$ BA $\rightarrow$ R	.25	5.23	< .001	Partial Support
H5	EM $\rightarrow$ BP	.33	5.53	< .001	Full Support
H6	BP $\rightarrow$ R	.08	1.12	.26	No Support
H7	EM $\rightarrow$ BP $\rightarrow$ R	.01	1.04	.30	No Support
H8	BA $\rightarrow$ BP	.51	8.00	< .001	Full Support

Note.  $p < .001$ ; EM: Entrepreneurial Mindset; R: Resilience; BA: Business Acumen; BP: Business Persistence.

### Hypotheses Testing Results

Table 5 presents the hypothesis testing results based on the bootstrapping procedure in SmartPLS 4. Entrepreneurial mindset had a significant positive effect on resilience, supporting H1 ( $\beta = .55$ ,  $p < .001$ ). Entrepreneurial mindset also significantly predicted business acumen, confirming H2 ( $\beta = .70$ ,  $p < .001$ ). In turn, business acumen had a positive effect on resilience, supporting H3 ( $\beta = .40$ ,  $p < .001$ ). The indirect effect of entrepreneurial mindset on resilience through business acumen was significant, indicating partial mediation and supporting H4 ( $\beta = .25$ ,  $p < .001$ ).

Entrepreneurial mindset also significantly influenced business persistence, confirming H5 ( $\beta = .33$ ,  $p < .001$ ). However, business persistence did not significantly predict resilience, providing no support for H6 ( $\beta = .08$ ,  $p = .26$ ). Similarly, the indirect effect of entrepreneurial mindset on resilience through business persistence was not significant, leading to no support for H7 ( $\beta = .01$ ,  $p = .30$ ). Finally, business acumen significantly predicted business persistence, offering support for H8 ( $\beta = .51$ ,  $p < .001$ ).

## Discussion and Conclusion

### Discussion of Main Results

The findings support the central proposition that psychological capital (PsyCap), operationalized through the entrepreneurial mindset, significantly influences resilience among young entrepreneurs in The Gambia. The strong direct relationship between entrepreneurial mindset and resilience (H1) aligns with prior studies that link internal psychological resources to adaptive entrepreneurial behavior (Isichei et al., 2024; Luthans et al., 2007). This reinforces the conceptualization of resilience not merely as a personality trait, but as a behavioral outcome shaped by internal cognitive-emotional resources, especially in fragile contexts (Faye et al., 2018; Newman et al., 2014).

The direct effect of entrepreneurial mindset on business acumen (H2) and the direct effect of business acumen on resilience (H3) indicate that knowledge and strategic thinking allow entrepreneurs to translate psychological preparedness into successful adaptation (Hamzah & Othman, 2022; Sahu, 2024).

A central finding of this study is the significant mediation effect of business acumen (H4), which indicates that practical competencies serve as a behavioral mechanism that channels PsyCap into resilient outcomes. This further reinstates the argument that psychological resources should be operationalized into action to shape long-term outcomes (Zettel, 2025). In addition, the significant direct effect of entrepreneurial mindset on business persistence (H5) reinforces the notion that internal psychological strengths foster sustained entrepreneurial effort, even in uncertain conditions (Al Issa, 2020).

Notably, business persistence did not significantly predict resilience (H6), and it did not mediate the connection between entrepreneurial mindset and resilience (H7). This can be an indication that in fragile contexts, persistence without strategic competence can lead to effort misalignment or burnout (Korber & McNaughton, 2018). Nonetheless, the power of business acumen on business persistence (H8) suggests that the persistence is significant when it is guided by knowledge and clarity of decisions.

These findings reinforce psychological capital theory by demonstrating how internal resources: hope, self-efficacy, and optimism, translate into resilient entrepreneurial behavior when combined with practical competencies like business acumen. This supports the REMI model's integration of psychological strengths and behavioral execution in fragile economic contexts. Collectively, these findings validate the REMI model's theoretical refinement: resilience is a dynamic behavioral outcome influenced by internal PsyCap traits and mediated by externally expressed entrepreneurial behaviors. This has implications for entrepreneurship programs in The Gambia, which must integrate psychological training with skill development to enhance both mindset and strategic execution. It also aligns with broader efforts to reframe resilience in entrepreneurship not as a fixed capacity, but as an emergent, learnable behavior shaped by the interaction between psychological and situational factors.

### Limitations

Some limitations of this study should be acknowledged. First, the use of a cross-sectional design limits the ability to draw causal inferences. While the structural equation modeling (SEM) approach identifies significant relationships among the constructs, it does not establish temporal sequencing or causality. Future research would benefit from longitudinal designs that can more effectively capture the developmental trajectory of entrepreneurial resilience over time. Second, data collection was based on self-reported measures, which are widely used but may reflect subjective perceptions. Although the self-reported measures were contextually adapted and pilot-tested, future research may benefit from third-party assessments to offer additional perspectives on resilience-related behaviors.

Lastly, while the study focuses on Gambian youth entrepreneurs, its insights are intended to contribute to a wider theoretical understanding of resilience in fragile contexts similar to The Gambia. Nonetheless, contextual nuances should be considered when applying these findings elsewhere, and future research could validate and extend the model in other fragile settings to further strengthen generalizability.

## Implications for Behavioral Science

This study contributes significantly to behavioral science by extending existing theoretical frameworks and offering applied insights into psychological and behavioral adaptation in fragile entrepreneurial environments. The findings support and expand the psychological capital (PsyCap) framework (Luthans et al., 2007) by empirically validating that resilience can be reconceptualized as a behavioral outcome rather than a dispositional trait. In doing so, the study addresses a critical theoretical gap in behavioral science: how psychological traits of hope, self-efficacy, and optimism are behaviorally expressed in high-adversity contexts.

Furthermore, the study introduces and validates the resilient entrepreneurial mindset integration (REMI) model, which positions resilience not as a static variable but as an adaptive behavioral output shaped by both psychological inputs and cognitive-behavioral mediators. The REMI model contributes to behavioral science by proposing a process-oriented, behaviorally grounded framework for understanding entrepreneurial adaptation. Unlike trait-centric models, REMI emphasizes how entrepreneurs convert internal beliefs into observable behavioral outcomes such as strategic planning, resourcefulness, and adaptability. This perspective aligns with recent behavioral science scholarship emphasizing process over personality in understanding complex human functioning.

From a knowledge application standpoint, the study contributes to applied behavioral science by identifying actionable pathways through which resilience can be cultivated. Specifically, the findings show that internal psychological traits alone are insufficient unless translated into behavioral competencies, in this case, business acumen. This supports the behavioral science principle that motivation must be scaffolded by skills, structures, and environmental supports to yield adaptive outcomes. It also reinforces the mediational role of cognition in goal-directed behavior, a cornerstone of behavioral models such as Bandura's Social Cognitive Theory and modern integrative frameworks of entrepreneurial behavior.

For future behavioral science research, the study suggests the need for models that integrate psychological resources with context-specific behaviors, especially in non-Western, resource-constrained settings. Most current behavioral entrepreneurship models are developed in high-income countries, which may limit their transferability. This research introduces culturally and contextually valid behavioral constructs, opening avenues for cross-contextual behavioral modeling.

In terms of real-world practical application, the study informs behavioral interventions aimed at building entrepreneurial resilience. Programs that focus solely on access to capital or infrastructure are unlikely to succeed without concurrently developing entrepreneurs' psychological and cognitive capacity to behave adaptively under uncertainty. As such, this research supports behavioral intervention design that includes mindset training, cognitive-behavioral coaching, and strategic decision-making simulation tools that can be applied by policymakers, educators, and development organizations to foster durable behavioral change in fragile contexts.

This study advances theory by refining PsyCap and the REMI model, reconceptualizing resilience as a behavioral outcome, and identifies actionable pathways, particularly business acumen, to inform interventions, training, and policy for entrepreneurs in fragile economies such as The Gambia. Furthermore, the findings provide clear, applicable guidance for entrepreneurship practice. Specifically, resilience among Gambian youth entrepreneurs is strengthened when psychological capital is paired with business acumen and guided persistence. This highlights the importance of entrepreneurship support programs that integrate psychological training with skill development. For instance, incubators, chambers of commerce, and development agencies could embed resilience-building modules into mentoring schemes, focusing on adaptive problem-solving, opportunity recognition, and persistence strategies tailored to fragile market conditions. From a behavioral science perspective, these results reinforce the principle that resilience is a process that can be intentionally developed through structured interventions. By linking PsyCap to applied competencies such as business acumen and persistence, this study provides concrete guidelines for

structured behavioral interventions informing both research and practical entrepreneurship programs for sustaining businesses in adverse environments.

## Conclusion

This study aimed to explore how psychological and entrepreneurial traits interact to foster resilience among young entrepreneurs in fragile environments, using The Gambia as a contextual case. Drawing from the psychological capital framework and extending it through the resilient entrepreneurial mindset integration (REMI) model, the study provides evidence that entrepreneurial mindset significantly influences resilience, both directly and through behavioral mediators.

A key finding is that business acumen acts as a powerful behavioral mechanism that translates internal psychological traits into adaptive entrepreneurial outcomes. In contrast, business persistence, while valued, did not independently predict resilience, suggesting that raw effort without cognitive grounding may not suffice in overcoming systemic barriers.

These results hold significant implications for theory, practice, and policy. They affirm that resilience is not only about surviving adversity, but also about being strategic and adaptive to adversity. In the case of entrepreneurs operating in volatile environments, it is essential to develop a sense of hope, efficacy, and optimism, but it is not enough, since behavioral competencies are required to ensure long-term success.

Ultimately, this study reinforces the value of integrated behavioral models in understanding complex human outcomes such as resilience. In light of these findings, scholars and practitioners are encouraged to look beyond traits and consider the mechanisms of behavioral translation, how mindset translates into action, influences behavior, and results in success. These contributions extend both theoretical understanding and the applied behavioral science perspective on resilience, positioning it as a dynamic behavioral outcome with practical implications for fragile entrepreneurial contexts.

## Declarations

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**Conflicts of Interest:** The authors declare that there are no conflicts of interest.

**Ethical Approval Statement:** The study was conducted in accordance with the guidelines reviewed and approved by the Institutional Review Board of the Dean of the Faculty of Economics and Business at Brawijaya University, Malang, Indonesia (protocol code: 00054/UN10.F0221/B/PP/2024, dated: 05 November 2024).

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