THE COGNITIVE ROLE OF NEW VENTURE EXPERTISE AND OPPORTUNITY ALERTNESS IN THE ACKNOWLEDGEMENT OF OPPORTUNITIES: EVIDENCE FROM VERBAL PROTOCOLS (SUMMARY)

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SUMMARY

THE COGNITIVE ROLE OF NEW VENTURE EXPERTISE AND OPPORTUNITY
ALERTNESS IN THE ACKNOWLEDGEMENT OF OPPORTUNITIES:
EVIDENCE FROM VERBAL PROTOCOLS

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Principal Topic

Why is it that some people are able to notice entrepreneurial opportunities that others fail to see? Although the question of individual differences has long preoccupied entrepreneurship scholars, the impact of individual differences has largely been studied separately from the cognitive processes that enable individuals to acknowledge opportunities. For instance, several studies explore the role of individual differences in opportunity recognition after opportunities have been recognized.

Method

To address this issue, we study the pattern-recognition differences between individuals from three groups: 1) individuals who have never been involved in the starting-up of new ventures; 2) entrepreneurs with only one start-up experience; and 3) serial entrepreneurs who have started several new ventures. At the same time, we investigate whether these individuals differ in their levels of opportunity alertness, and whether this alertness can be manipulated.

This research involves a totally new data collection effort, and focuses on data that has not been presented elsewhere. Our analyses draw from a framework where the acknowledgement of opportunities is modeled as involving cognitive processes of pattern recognition and structural alignment. In a nutshell, our model posits that individuals draw opportunity-relevant insights by comparing the mental models they make of new information with mental models of situations where this information is relevant. Prior research has shown that while alignment takes place at the level of both superficial features and structural relationships, focusing on the latter is particularly important for opportunity acknowledgement to ensue. Building on this research, we postulate that higher levels of new venture experience, of entrepreneurial expertise, and of opportunity alertness will be associated with more emphasis on structural reasoning.

Results and Implications

Our study’s primary contribution is to provide direct evidence about the role that new venture experience, expertise and opportunity alertness play, not in explaining differences between entrepreneurs post-hoc, but in terms of specific cognitive processes of pattern recognition that are shown to enable opportunity acknowledgement. In turn, this allows for the development of pedagogical means that could be used by educators and other professionals to support novice and expert entrepreneurs in their efforts to acknowledge promising opportunities.

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