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UNDERSTANDING ENTREPRENEURIAL EVALUATION IN THE INDIVIDUAL - OPPORTUNITY NEXUS IN 3-D PLATFORMS (INTERACTIVE PAPER)

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INTERACTIVE PAPER

UNDERSTANDING ENTREPRENEURIAL EVALUATION IN THE INDIVIDUAL - OPPORTUNITY NEXUS IN 3-D PLATFORMS

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Principal Topic

This study develops a theoretically based examination of the relationship between evaluation and entrepreneurial opportunity using data collected from entrepreneurs operating businesses in the “Second Life” (SL) online world. The basis for this study is founded on the opportunity perspective developed by Shane and Venkataraman (2000) whereby the actions undertaken by an entrepreneur can be categorized into three processes - discovery, evaluation and exploitation. Review of the extant literature reveals that evaluation is often overlooked, or is unmeritoriously blended with the elements of discovery or exploitation (Davidsson, 2004). Hindle (2007) argues that the skill of evaluation is the core entrepreneurial skill and that it deserves greater recognition by researchers. The purpose of this study is to explore these notions further and provide insight on how entrepreneurs envisage what to do with a productive opportunity through the evaluation process.

Method

We adopt an exploratory approach to this study that is guided from *a priori* models developed from emerging theoretical concepts. Data was collected from a sample frame of over 9000 individuals from all over the globe who were actively engaged in commercial activities through a Second Life Exchange website. A sample population of 961 entrepreneurs operating businesses within the Second Life world was randomly drawn to give a 5% margin of error.

Results and Implications

The results clearly show that Second Life entrepreneurs do not use formal business plans but still use well identified cognitive schema to aide their decision making processes, strategy, and opportunity evaluation. Online entrepreneurs also react quickly to opportunity, and depend greatly on social networks to evaluate opportunity.

Our research also shows that studying entrepreneurial behavior in 3-D platforms can provide many insights into opportunity evaluation in both SL and real life. The SL world clearly illustrates a separation of opportunity from emergence and provides an excellent way to test theoretical developments in entrepreneurship research. By understanding the cognitive schemas used by entrepreneurs, we are able to better understand the art of opportunity recognition, evaluation, and exploitation as an important element of development and growth. We find that the SL economy provides entrepreneurs and researchers the occasion to engage in the evaluation of wealth creation opportunities within a true market exchange system.

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