ENTREPRENEURIAL PASSION AND ITS EFFECT ON DECISION MAKING (SUMMARY)

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SUMMARY

ENTREPRENEURIAL PASSION AND ITS EFFECT ON DECISION MAKING

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Principal Topic

Passion inspires us to work harder without even noticing it (Chang, 2001) and is displayed in long working hours as well as in the way of experiencing success and failure as a personal incident (Shepherd, 2003; Baron, 2006). However, passion can also have dysfunctional consequences; for example escalating commitment, blindness to risks etc. (Cardon, Zietsma et al., 2005). In this paper, we investigate how passion impacts the decision of entrepreneurs to exploit new opportunities. Drawing on the findings in the literature on entrepreneurial passion and emotions, we derive hypotheses which suggest that passionate entrepreneurs tend to make hasty and risky decisions on exploiting opportunities. Specifically, following Choi and Shepherd (2004), we propose that the impact of the entrepreneurs’ knowledge of customer demand, development stage of enabling technologies, managerial capabilities, and stakeholder support on their exploitation decisions is diminished with increasing entrepreneurial passion.

Method

To test our hypotheses empirically, we designed a field experiment. In our conjoint-based experiment (Shepherd and Zacharakis, 1997) individual entrepreneurs are confronted with 8 profiles (which are replicated to test for reliability) which describe hypothetical opportunities based on low or high levels of entrepreneurs’ perceived determinants of the opportunity. During the course of the experiment, we manipulate the emotions of participating entrepreneurs by using the International Affective Picture System (IAPS) (Lang, Bradley et al., 2005). We apply a within-subject design and confront subjects with neutral pictures during the first round of the experiment and then repeat the experiment with pictures that induce excitement (which we use as a proxy for passion following Cardon, Wincent et al., (2005)). We compare excited and neutral entrepreneurs by employing Hierarchical Linear Modeling (HLM) (Raudenbush, Bryk et al., 2004), which takes into account autocorrelations between the assessments of one individual.

Results and Implications

Our work contributes to previous research on entrepreneurial emotions and entrepreneurial decision making. First, existing studies have highlighted the importance of entrepreneurial passion, but not explicitly linked it to entrepreneurial decision making. We investigate the role of passion in entrepreneurs’ decision to exploit opportunities. Secondly, work on entrepreneurial emotions and passion has been mainly theoretical. We present the first empirical study directly measuring (manipulating) entrepreneurial emotions.

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