6-7-2008

THE ROLE OF POSITIVE AND NEGATIVE EMOTIONS IN OPPORTUNITY EVALUATION AND EXPLOITATION (INTERACTIVE PAPER)

Isabell M. Welpe  
*Max-Planck-Institute of Economics, Germany, welpe@econ.mpg.de*

Matthias Spörrle  
*Ludwig-Maximilians-University, Germany*

Dietmar Grichnik  
*WHU – Otto Beisheim School of Management, Germany*

David Audretsch  
*Max-Planck-Institute of Economics, Germany*

---

**Recommended Citation**  
Welpe, Isabell M.; Spörrle, Matthias; Grichnik, Dietmar; and Audretsch, David (2008) "THE ROLE OF POSITIVE AND NEGATIVE EMOTIONS IN OPPORTUNITY EVALUATION AND EXPLOITATION (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 28: Iss. 6, Article 20.  
Available at: [http://digitalknowledge.babson.edu/fer/vol28/iss6/20](http://digitalknowledge.babson.edu/fer/vol28/iss6/20)

---

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
INTERACTIVE PAPER

THE ROLE OF POSITIVE AND NEGATIVE EMOTIONS IN OPPORTUNITY EVALUATION AND EXPLOITATION

Isabell M. Welpe, Max-Planck-Institute of Economics, Germany
Matthias Spörrle, Ludwig-Maximilians-University, Germany
Dietmar Grichnik, WHU – Otto Beisheim School of Management, Germany
David Audretsch, Max-Planck-Institute of Economics, Germany

Principal Topic

Recent research on the evaluation and exploitation of entrepreneurial opportunities has focused on cognition (e.g., Mitchell et al., 2007) and emotion (Baron, 2007) and its effect on entrepreneurial activities. This study focuses on the decision processes of the so-called “pre-entrepreneurial phase” that takes place prior to venture creation. Previous research has neglected this phase (Lang-von Wins, 2004; Phan, Wong & Wang, 2002) and as a result we today have a limited understanding of who perceives, evaluates and exploits entrepreneurial opportunities to what effect. Consistent with prior research (e.g., Cardon et al., 2005; Goss, 2005; Shepherd, 2004) we look at the influence of cognitions, positive and negative emotions and their interaction on opportunity evaluation and exploitation. We base our research on cognitive appraisal theories of emotion, which allows statements about cognitions and emotions and about their relationship. Specifically, we examine whether the anticipated positive emotions of a successful venture or the anticipated negative emotions of entrepreneurial failure are a stronger predictor for entrepreneurial opportunity evaluation and exploitation.

Method

We utilized a questionnaire experiment in order to analyze the impact of profit margin (high vs. low) and probability of success (high vs. low) on entrepreneurial evaluation and exploitation. Hence, 2 x 2 = 4 scenarios were presented in a between subjects design to 138 student respondents, who also provided information about their appraisals and emotions within the context of this situation.

Results and Implications

The results of this study indicate that both probability of success and profit influence the evaluation and exploitation of entrepreneurial opportunities, which is in line with the predictions of value expectancy theory. The results also show direct effects for cognitive primary appraisal, fear on opportunity evaluation and exploitation. Furthermore, moderation analyses indicate that the predictive power of evaluation on exploitation decreases with increasing levels of fear and increases with increasing levels of joviality. Specifically, fear does not only directly decrease the probability of entrepreneurial exploitation (as a main effect) but also reduces the positive influence of entrepreneurial evaluation on entrepreneurial exploitation.

CONTACT: Isabell M. Welpe, welpe@econ.mpg.de; (T): +49-(0)173-386-7398; (F) +49-(0)89-2023-8775; Max-Planck-Institute of Economics, Kahlaische Straße 10, D-07745 Jena, Germany.