HOW DOES AN ENTREPRENEUR’S ABILITY INFLUENCE THE PROPENSITY TO EXPLOIT NOVEL OPPORTUNITIES? THE MODERATING ROLE OF PERSONALITY AND ENVIRONMENT (INTERACTIVE PAPER)

Lena Lee
National University of Singapore, lenalee@nus.edu.sg

Jing Zhang
Lancaster University Management School

Recommended Citation
Lee, Lena and Zhang, Jing (2006) "HOW DOES AN ENTREPRENEUR’S ABILITY INFLUENCE THE PROPENSITY TO EXPLOIT NOVEL OPPORTUNITIES? THE MODERATING ROLE OF PERSONALITY AND ENVIRONMENT (INTERACTIVE PAPER)," Frontiers of Entrepreneurship Research: Vol. 26: Iss. 6, Article 12.
Available at: http://digitalknowledge.babson.edu/fer/vol26/iss6/12

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 SESSION

HOW DOES AN ENTREPRENEUR’S ABILITY INFLUENCE THE PROPENSITY TO EXPLOIT NOVEL OPPORTUNITIES? THE MODERATING ROLE OF PERSONALITY AND ENVIRONMENT

Lena Lee, National University of Singapore
Jing Zhang, Lancaster University Management School

Principal Topic

Despite the importance of the ability to exploit opportunities for new venture creation, few empirical studies have examined the antecedents to opportunity exploitation. Our paper specifically examines the influence of internal predictors and the environment on individuals’ propensity to exploit novel opportunities in the context of new-technology based firms (NTBF). Extending the contribution of recent studies on the impact of “successful intelligence” on entrepreneurial decision-making, we postulate that the entrepreneur’s critical thinking ability, a core component of Sternberg’s “theory of triarchic intelligence” is a significant factor influencing the novelty of opportunity exploitation.

However, scholars have affirmed that personality, an independent construct from cognition influences the way critical thinking is directed and exploited. The logic is that two people with comparative levels of critical thinking but varying levels of personalities will respond differently to the knowledge and know-how they possess.

Additionally, the environment literature provides ample evidence that unpredictable environments create more opportunities for entrepreneurs to innovate and explore new ideas. Taken as a whole, we contend that highly critical entrepreneurs who are high in extraversion, conscientiousness, agreeableness, emotional stability and openness to experience have higher propensity to exploit novel opportunities in unstable environments.

Method

To test our hypotheses, we surveyed 417 founders of NTBFs within the West Midlands and London areas. With appropriate controls for the respondents’ socio-demographic backgrounds, we used moderated regression analyses to analyze the responses.

Results and Implications

While prior research has examined the influence of entrepreneurs’ ability and personality on entrepreneurial behavior separately, our study’s contribution is to confirm their joint effect, as well as taking into account their interaction effects with the dynamism of the environment on entrepreneurs’ opportunity exploitation behavior. Our study findings are consistent with the emerging opportunity-exploiter nexus framework of Shane and Venkataraman, which posits that the rate and nature of entrepreneurial exploitation activities are jointly determined by the nexus of environmental factors that shape the emergence of opportunities and the supply of opportunity-seekers with the right entrepreneurial personalities and abilities to exploit such opportunities. Hence, to promote entrepreneurial exploitation activities, policy makers need to examine both sets of factors.

CONTACT: Lena Lee; NUS Entrepreneurship Centre, 10 Kent Ridge Crescent, Singapore 119260; E3A Level 6; (T): 65 94578449; lenalee@nus.edu.sg