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DISENGAGEMENT OF NASCENT ENTREPRENEURS FROM THE START-UP PROCESS (INTERACTIVE PAPER)

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Principal Topic

Disengagement from the startup process, i.e. seizure of all activities geared toward firm creation, warrants concern because nascent entrepreneurs invest significant (and often limited) time and resources in startup activities. In line with calls for a cumulative combination of related theories within the self-regulation perspective (e.g., Wood, 2005), we attempt to expand existing understanding of the role of cognition in entrepreneurship by employing an integrated goal-setting and social cognition approach under the self-regulation perspective in examining nascent entrepreneurs’ disengagement from the startup process. We present a model which proposes that nascent entrepreneurs’ goal commitment (H1a) and self-efficacy (H1b) negatively influence their disengagement from startup efforts while perceived competition intensity (H1c) increases disengagement. Further, both of the former relationships are moderated by perceived competition intensity – being weaker when perceived competition intensity is high (H2a & H2b).

Method

The PSEDII was used to test our hypotheses. Results indicate that H1a and H1b were supported but H1c was not. Further, H2a was supported yet H2b was not. To better understand the nature of the interaction between goal-commitment and perceived competition intensity on disengagement, we probed it by calculating the conditional effects of goal-commitment at different (at 0 and 1) values of competition intensity. Results show that the model without either goal commitment or self-efficacy will be significantly different from the full model and therefore, both variables should be retained. Although both commitment and self-efficacy contribute significantly to the full model, the $\chi^2$ statistic for self-efficacy (5.61) is larger than that for commitment (4.28). Thus, dropping self-efficacy will result in the greater loss of model fit.

Results and Implications

Our findings corroborate the utility of an integrated approach which combines goal-setting and social cognition theories within the perspective of self-regulation (e.g., Kanfer, 2005; Wood, 2005) to predict venturing decisions. Prior research indicates a ‘myopic self-focus’ with the exclusion of competitive factors in entrepreneurs’ entry/non-entry decisions (Moore et al., 2007). Our finding with respect to main effects of perceived competition intensity supports such a view. But we also found that the role of such perceptions is more complicated than initially thought—perceived competition intensity matters in interaction with one type of entrepreneur variable (i.e. goal-commitment) but has no moderating effect with respect to another (i.e. self-eff

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