CONTINUE OR QUIT? THE ROLE OF ENTREPRENEURIAL INTENSITY AND START-UP PROBLEMS IN NEW VENTURE CREATION (SUMMARY)

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Principal Topic

When starting a business venture, individuals likely confront a range of problems (Van Gelderen, Thurik, and Patel, 2011). Although problems experienced during the fledgling stages are intuitively expected to be a potential cause for opting to abandon new venture creation efforts (Brush and Manolova, 2004), emerging and inconsistent empirical findings suggest the role of start-up problems remains less than fully understood. In this paper, we investigate entrepreneurial intensity, defined as the level of commitment and single-minded focus toward starting a venture (Liao, Murphy and Welsch, 2005), as a mechanism for explaining why some individuals are able to overcome problems, thus choosing to continue to progress through versus quit the new venture creation process.

Method

In order to examine the proposed relationships between entrepreneurial intensity, start-up problems and progression through the nascent stages, this project incorporated publicly available archival data from the Panel Study of Entrepreneurial Dynamics (PSED I). Our sample consisted of 574 individuals engaged in the process of launching a new venture. We used hierarchical multinomial logistic regression for testing hypotheses and followed the standard approach for assessing moderation (Baron and Kenny, 1986).

Results/Implications

Preliminary empirical results suggest entrepreneurial intensity predicted and differentiated those who chose to continue progress through the nascent stages of new venture creation from those who chose to quit. Similarly, experiencing start-up problems of a social nature not only predicted and differentiated those opting to continue from those opting to quit, but also predicted and differentiated reports of achieving an operating business from choosing to quit. By contrast, experiencing start-up problems of a personal nature did not predict nor differentiate nor did entrepreneurial intensity moderate the adverse impact of start-up problems on the choice to continue versus quit. Collectively, these results appear to suggest that whereas entrepreneurial intensity helps in persevering during in the early new venture creation stages, it does not appear to help overcome significant social challenges that might produce a fully operating business.

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