COGNITIVE VERSATILITY AND OPPORTUNITY IDENTIFICATION: THE ROLE OF EXPERIENCE, INTUITION AND ANALYSIS (SUMMARY)

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SUMMARY

COGNITIVE VERSATILITY AND OPPORTUNITY IDENTIFICATION:
THE ROLE OF EXPERIENCE, INTUITION AND ANALYSIS

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Principal Topic

Opportunity identification is a core activity in entrepreneurship, but entrepreneurs vary in their ability to do so. Research suggests that entrepreneurs become more adept at identifying opportunities as they gain experience (Gruber et al., 2008, 2012; Ucbasaran et al., 2009), but we do not know how this occurs. In this paper we draw on Cognitive-Experiential Self-Theory (see Epstein, 2010) to argue that intuition is a key cognitive process that links experience to an enhanced ability for opportunity identification, and that intuition is most effective when used together with analysis in a versatile cognitive strategy – an approach characterised by high levels of both intuition and analysis, and an ability to switch between them as needed (see Hodgkinson & Clarke, 2007). Building on these arguments, we develop a model in which cognitive versatility mediates the relationship between experience and opportunity identification.

Methods

Seventy-four technology-entrepreneurs completed a think-aloud protocol analysis exercise (Ericsson & Simon, 1993) in which they generated potential business ideas for three innovative technologies. In addition, they also completed an online survey, which allowed us to control for factors which may influence cognitive strategy and/or opportunity identification, including cognitive style and experience. We tested our model by integrating the survey data with the coded and quantified protocol data in a series of regression and mediation analyses.

Results and Implications

Consistent with prior research, we found that experienced entrepreneurs are more proficient than novices at identifying opportunities. Extending previous studies, we show that cognitive versatility mediates the relationship between experience and opportunity identification: experienced entrepreneurs are more cognitively versatile than novices, and this enables them to identify more and better quality opportunities. An overreliance on analysis hinders opportunity identification, while an overreliance on intuition in the absence of analysis leads to the premature acceptance of poor business ideas or to the rejection of promising ones. Overall, our results suggest that scholars need to think about cognitive versatility, rather than simply looking at intuition or analysis in isolation, and how this mediates the relationship between entrepreneurial experience and opportunity identification.

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