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THE IMPACT OF COGNITION ON NEW VALUE CREATION WITHIN THE INSTITUTIONAL THEORY PERSPECTIVE (SUMMARY)

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Principal Topic

In this study, we combine cognitive theory on self-efficacy and optimism with institutional theory, related to legitimacy in the value creation context. We consider the value creation related to market creation concept. It is argued that optimism and self-efficacy's affect on value creation is related to institutional framework in terms of legitimacy. In other words, we use the institutional theory as an antecedent for cognition. Which means, high levels of self-efficacy and optimism about a certain value creation activity is more significant in the institutional environments where these activities are legitimate (Klyver and Thornton, 2010). That’s why we assume that, both cognitive theory and institutional theory has a lot in terms of conceptual tools to explain the entrepreneurship phenomena.

Method

In order to understand these phenomena, a qualitative based multi-case study is applied. With the help of purposeful sampling, 6 entrepreneurial firms that re-form and re-define their markets in Turkey are selected. With the purpose of affording reliability and validity, two additional researchers accompany the primary researchers during the interviews and after the evolution of the categories (Merriam 1995). Davidsson andWiklund (2001) argue that entrepreneurship should be examined on a multi-level basis, because entrepreneurship is multi-level in nature, however .most papers focused on single level and there is a gap for multi-level analysis. To address this concern the study uses individual in terms of entrepreneur as the creator of new value and organizational levels of analysis.

Result and Implications

Both optimism and self-efficacy greatly increases entrepreneurs’ intention to create new value propositions. The effect of self-efficacy and optimism vary across the cases. Thus institutional framework has significant role in antecedent affect of self-efficacy and optimism. We nevertheless acknowledge the practical limitations of the study because the results are valid only for the cases and cannot be generalized. The collective effect of institutional environment and cognitive structure of entrepreneurs on value creation concept is under-researched. Moreover, value creation concept, covering re-defining and re-shaping the present market, is not recognized within both cognitive and institutional theory. These two aspects are important contributions to the literature in entrepreneurship.

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