DIFFERENT APPROACHES THAT NASCENT ENTREPRENEURS UTILIZE: UNPACKING THE INDIVIDUAL-OPPORTUNITY NEXUS (INTERACTIVE PAPER)

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Principal Topic

Despite a large body of work on opportunity recognition, evaluation, and exploitation, relatively little is known about the differences between entrepreneurs within the individual-opportunity nexus. This study examines entrepreneur heterogeneity through an empirical investigation of nascent entrepreneurs and their approaches toward opportunity. Three distinct approaches by nascent entrepreneurs were identified and labeled “aggressive”, “considered”, and “cautious”.

Methodology

Given the difficulty associated with identifying early-stage entrepreneurs before they establish new ventures, we sampled 132 nascent entrepreneurs through the Futures Development Corporations arm of Western Economic Diversification Canada. Futures Development Corporations specialize in grassroots community and economic development via new venture creation. Their services include the provision of advice and training prior to venture start-up. The hypotheses used for this analysis were developed from the works of Ucbasaran, Westhead, and Wright (2001, 2005, 2006), Shane and Venkataraman (2000), Venkataraman (1997), and Linden (1982).

Results and Implications

The results of our research offer a new way to view nascent entrepreneurs and support the sparse number of empirical studies related to entrepreneur heterogeneity. Nascent entrepreneurs who adopt an “aggressive” approach to opportunities indicate that they identify more business opportunities, they are extremely confident in their evaluation of opportunities and have greater likelihood of starting a venture. Nascent entrepreneurs who adopt a “considered” approach indicate that they focus on fewer opportunities, are confident about their ability to evaluate opportunities and are non-committal with regard to the likelihood of them starting a new venture. Nascent entrepreneurs who adopt a “cautious” approach to opportunities identify fewer opportunities, have the least confidence in their evaluation ability and are least likely to believe they will start a new venture. Multinomial logistic regression identified that gender, customer focus, level of commitment, belief in the business idea, and search intensity were all statistically significant in distinguishing between “considered” and “cautious” approaches. The classification of “considered” versus “aggressive” approaches highlighted age, education, experience, feelings toward previous opportunities, growth expectations, level of commitment, and effectual outlook as significantly different.

Implications for policy makers, aiming to stimulate the economy via new business start-up, include: the importance of understanding the perceived expectations of the individual entrepreneur; facilitating early successes; improving information search; practicing idea development; and instilling a sense of strategic flexibility.

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