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SCALING ENTREPRENEURIAL ACTION (SUMMARY)

Shawna Chen

Texas Tech University, USA, shawna.chen@ttu.edu

Ronald K. Mitchell

Texas Tech University, USA

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≈ SUMMARY ≈

SCALING ENTREPRENEURIAL ACTION

Shawna Chen, Texas Tech University, USA
Ronald K. Mitchell, Texas Tech University, USA

Principal Topic

Scholars suggest that entrepreneurship research may be better adapted to reality and able to realize higher marginal returns by focusing on entrepreneurial action. There has been increasing empirical work in recent years on the relationships between affective, cognitive, and environmental antecedents and action as well as the organizational, societal, and institutional impacts of action. However, extant research operationalizes action mostly using single-item measures and summed binary (yes-no) indicators, although action has been conceptualized as multiphase process that includes abstract cogitations and observable behaviors. We thus conducted this study to develop and validate a measurement for entrepreneurial action to capture the process that includes both behavioral and cognitive activities.

Method

We used data from Panel Study of Entrepreneurial Dynamics (PSED), a national longitudinal study on individuals who are in the process of starting new businesses in the U.S., with 830 individuals in PSED I (1998-2002) and 1,214 individuals in PSED II (2005-2011) respectively. Respondents report the completion of discrete start-up activities that are deemed behavioral or cognitive in nature. Using sample from PSED I, we conducted a principal component analysis on the items. We contemplated a formative index of gestation activities (c.f. Samuelsson & Davidsson, 2009) but believe reflective measures are appropriate for the construct of interest after carefully considered the causality and dimensionality between the indicators and the latent variables. We then performed a confirmatory factor analysis with sample from PSED II.

Results and Implications

Four factors were extracted and labeled on a cognitive/behavioral spectrum: (1) thinking, (2) doing by thinking, (3) thinking by doing, and (4) doing. The measurement of entrepreneurial action developed has several implications. First, perceiving actions with dynamic paths from cognition to behavior, the study liberates scholars to model actions using various theoretical perspectives such as effectuation (Sarasvathy, 2001) and bricolage (Baker & Nelson, 2005). Second, the study facilitates the discussion between entrepreneurial action and opportunity recognition, discovery, and creation as each factor on the spectrum corresponds to how individuals avoid, reduce, and/or bear the uncertainty perceived. Third, the study improves our understanding of this complex construct of action process, and provides grounds to advance future entrepreneurial action research.

CONTACT: Shawna Chen; shawna.chen@ttu.edu; (T): 806-834-4777; Area of Management, Rawls College of Business, Texas Tech University, 703 Flint Ave., Lubbock, TX 79409, USA.