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THE IMPACT OF THE GLOBAL ECONOMIC CRISES ON ENTREPRENEURIAL ACTIVITY (SUMMARY)

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≈ SUMMARY ≈

**THE IMPACT OF THE GLOBAL ECONOMIC CRISES ON
ENTREPRENEURIAL ACTIVITY**

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Principal Topic

One of the key foci of entrepreneurship is understanding why certain individuals, rather than others, are better able to identify and act on opportunities (Shane and Venkataraman, 2000; McMullen and Shepherd, 2006). While there is some disagreement in the literature about the process of opportunity development and recognition (Ardichvili et al., 2003; Short et al., 2010), the central components of opportunity identification are knowledge, motivation, awareness, and ability. Entrepreneurs have greater abilities to see opportunities than non-entrepreneurs; however there is great heterogeneity among entrepreneurs in terms of opportunity identification patterns (Gaglio and Katz, 2001; Minniti, 2004; Ucbasaran et al., 2006). An entrepreneur's ability to see opportunities is related to his/her prior knowledge (Hayek, 1945) and experience (Shane, 1999; Ucbasaran et al., 2009). Despite extensive theorizing about the importance of external conditions in shaping opportunity recognition (McMullen and Shepherd, 2006) and entrepreneurial decisions (Minniti, 2004), this research neglects the potential role of the environment, particularly macro-level institutions. The existing body of research has also failed to examine the crisis environment, and to assess whether or not the new and small firm sector may be the first to turn around and see opportunities.

The present study is guided by the following research question: How do characteristics of an entrepreneur's venture, and the national institutional environment impact the entrepreneur's ability to perceive new entrepreneurial opportunities in a global economic crisis? As countries experience vastly different manifestations of the economic crises (Lane and Milesi-Ferretti, 2010; OECD, 2009), we explore the nature of entrepreneurial activities using multi-level, multi-country data from multiple years.

Method

We utilize individual and national data from the Global Entrepreneurship Monitor (GEM) and national data from the International Monetary Fund (IMF), World Bank Doing Business (WBDB), Freedom House, and the U.S. Bureau of the Census (USBC). We include response from 13,174 entrepreneurs in 63 countries.

Results and Implications

We find that entrepreneurs are more likely to perceive opportunities in a crisis if their ventures have experience with new product innovation and internationalization. Furthermore, entrepreneurs are more likely to see additional business opportunities in response to the recent crisis when their national environments are characterized by high levels of GDPPC.

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