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ENTREPRENEURIAL IMAGES, GROWTH COGNITION, AND ENTREPRENEURS' DECISIONS TO GROW (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

**ENTREPRENEURIAL IMAGES, GROWTH COGNITION,
AND ENTREPRENEURS' DECISIONS TO GROW**

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Principle Topic

In this paper, we investigate how an entrepreneur's images of the firm's resource system influence—individually and jointly—his/her decision making related to firm growth. Building on the attention based view (Ocasio, 1997) and the previous research on decision making (e.g., Beach & Mitchell, 1987; Dean & Sharfman, 1996; Rajagopalan et al., 1993), we examine the decision-level factors of growth decisions (i.e., the components of the firm's resources system: strategic, human, financial, and organizational resources), as well as the cross-level moderating effects of the individuals' capability image (entrepreneurial self-efficacy) and image of vulnerability (general fear of failure) (Mitchell & Shepherd, 2010).

Method

We test our hypotheses utilizing metric conjoint analysis on a sample of 3,648 decisions collected from 114 entrepreneurs from high-growth entrepreneurial firms in Canada. Each entrepreneur was presented with 32 hypothetical profiles of a firm's resources system and asked to decide whether or not they would engage in an active search for growth opportunities (allowing us to capture resource images), followed by a questionnaire to measure various individual-level factors (to capture capability and vulnerability images). We used Hierarchical Linear Modeling to test the cross-level interaction effects.

Results and Implications

Our results indicate that each component of a firm's resource system, that is, the strategic, financial, human, and organizational resources positively influences entrepreneurs' decision to engage in an active search for growth opportunities. However, entrepreneurs do not necessarily require excess resources in multiple components of the resource system to trigger an active search. Our results also show that both entrepreneurial self-efficacy and fear of failure drive entrepreneurs' decision to engage in an active search. When an entrepreneur does not fear failure; however, the positive effects of the strategic and organizational resources on his/her growth decision were found to be particularly strong. As such, our study provide added richness to the literature on firm growth based on the resource-based view, by revealing the attention structure of entrepreneurs in making a growth related decision.

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