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BREXIT: MARKET SHOCKS AND THE PURSUIT OF INTERNATIONAL OPPORTUNITY (SUMMARY)

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≈ SUMMARY ≈

**BREXIT: MARKET SHOCKS AND THE PURSUIT
OF INTERNATIONAL OPPORTUNITY**

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Principal Topic

Austrian economics suggests that entrepreneurs are agents of change (North, 1993). When economic disequilibrium occurs, alert entrepreneurs recognize opportunity and are able to profit from it (Kirzner, 1997). Shane and Venkataraman (2000), argue that entrepreneurs recognize opportunity through prior knowledge and cognitive properties. As such, when disequilibrium occurs entrepreneurs do not change their cognition; instead, their cognition facilitates opportunity recognition. In contrast, Jones and Casulli (2014) argue that international opportunity decision-making varies based on decision complexity and international experience. Suggesting that there are two conflicting views of entrepreneurial opportunity cognition: 1) economics: entrepreneurial cognition is constant; 2) decision-making: cognitive processes are situation dependent. In the context of the surprise 2016 Brexit vote, I examine whether economic disequilibrium impacts how decision-makers evaluate international opportunities. Specifically, I hypothesize that economic shock (Brexit) effects the importance attributed to the value, rarity and inimitability when compared to a European baseline.

Method

Data was captured 5-months before and immediately after the June 23, 2016 Brexit vote. Using conjoint analysis, I conduct interviews with 66 entrepreneurship students. Before and after a European experience, participants assessed the same 8-hypothetical international opportunity profiles, with varying value, inimitability and rarity, resulting in 1056 decisions across the participants. 19-participants participated in study abroad in the UK, the other 47 in five other European countries (Denmark, Hungary, Italy, The Netherlands, and Spain). To compare UK and European data, the IVs are opportunity value, inimitability, rarity, and county-specific experience. The DV is likelihood of opportunity pursuit. I analyze the data using hierarchical linear modeling (HLM) disaggregating participant and decision variance.

Results and Implications

Pre-departure decisions showed no significant difference in decision protocols between the UK and other European countries. However, after the country-specific experience decisions show a number of differences. The UK sample was less likely to pursue their opportunity. Further, where European experience had significant positive interactions with opportunity inimitability and rarity, and a negative interaction with value, Brexit drove an even greater emphasis on inimitability and had a positive interaction with value. It appears that market shocks do impact opportunity recognition cognition, placing greater emphasis on value and inimitability; suggesting that in market chaos entrepreneurially minded decision-makers focus on unique high-value opportunities.

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