WHAT DOES OPPORTUNITY VALUE MEAN TO THE ENTREPRENEUR AND HOW DOES IT INFLUENCE OPPORTUNITY PURSUIT? (SUMMARY)

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SUMMARY

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Principal Topic

If entrepreneurship is concerned with the discovery and exploitation of profitable opportunities, and discovery occurs when someone looks at a situation and makes a conjecture that a set of resources is not put to its best use, by definition, not all parties value each combination of resources identically. Deciding whether to pursue an opportunity must then depend upon the actual value attached to the opportunity by the individual. Researchers have looked into the cognitive differences between entrepreneurs and non-entrepreneurs with the assumption that some people become entrepreneurs, not because they have distinct personality traits but, because they perceive situations differently than others (Busenitz & Barney, 1997; Palich & Bagby, 1995). Cognitive biases may affect how the entrepreneur values opportunities and perceives risk (Palich et al., 1995). While opportunity cost is well recognized in the economic literature, opportunity value, or the perceived tangible and intangible benefits derived from the pursuit of a new opportunity, has not been adequately addressed.

Method

A two-phase approach was employed to investigate the notion that “opportunity value” impacts the decision to exploit opportunities. Phase One used semi-structured interviews to question entrepreneurs and non-entrepreneurs with regard to their pursuit of opportunities. Phase Two used a scenario and cross-sectional survey data to examine the values determined by entrepreneurs and non-entrepreneurs when faced with the decision to leave paid employment for an entrepreneurial opportunity. The 36 questions covered time, finances, relationships, control and autonomy with half the items relating to attributes being abandoned (ex steady salary, friendships and routine) and half relating to items potentially received via pursuit of the opportunity (ex financial freedom, autonomy and new relationships.)

Results and Implications

This research identifies and defines a new construct, opportunity value, and shows how it influences the pursuit of opportunities. This research also details how entrepreneurs and non-entrepreneurs place value and cost on opportunities by identifying specific items that the groups value differently; for instance, entrepreneurs focused more on the potential values that could be obtained, non-entrepreneurs appeared to focus more on the costs. Finally, this research suggests differences among male and female entrepreneurs in terms of how they value opportunities.

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