DO EUROPEAN ENTREPRENEURS EVALUATE BUSINESS OPPORTUNITIES DIFFERENTLY THAN US ENTREPRENEURS? A CONJOINT EXPERIMENT ON TWO CONTINENTS (INTERACTIVE PAPER)

Jan Brinckmann
Loyola University Chicago, USA, jbrinck@luc.edu

Marc Gruber
Ecole Polytechnique Fédérale de Lausanne (EPFL), Switzerland

Vithala R. Rao
Cornell University, USA

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Principal Topic

Understanding how individuals identify and exploit business opportunities is fundamental to entrepreneurship research (Shane and Venkataraman, 2000). This paper adds to the growing literature that studies criteria used by individuals to evaluate opportunities (cf. Shepherd and Zacharakis, 2002; Baron and Ensley, 2006). Specifically, we ask: “Do Entrepreneurs in Europe and the United States Systematically Differ in Their Assessment of Business Opportunities?” An improved understanding of this question will help researchers not only in explaining different patterns of opportunity exploitation in the United States and in Europe, but will also help to develop a more contextualized understanding of the opportunity evaluation process.

Method

We apply conjoint analysis which allows testing hypotheses in an experimental setting. This method simulates respondent’s decision making in real time, which has several advantages to commonly used post-hoc methods of data collection. Business opportunities had been depicted with six core attributes derived from the literature and expert interviews. Using the OPTEX procedure in SAS, we developed 12 choice sets of four alternative opportunities each for the conjoint study. Data obtained from 339 respondents from the US and Europe is used in the analysis.

Results and Implications

Our results reveal the overall importance that individuals place on key attributes of business opportunities. Most notably, we find considerable support for our core proposition that European and US Entrepreneurs differ in systematic ways in their assessment of business opportunities. For example, our results show that three attributes of highest importance to Europeans are (1) Expected Annual Market Growth, (2) Number of Competitors, (3) Desirability of the Product, whereas North Americans see the (1) Number of Competitors, (2) Expected Annual Market Growth and the (3) Time to First Sale as the most important attributes in business opportunities. More detailed analyses are presented in the paper, taking into account difference experience levels of respondents on both continents.

CONTACT: Jan Brinckmann; jbrinck@luc.edu; (T): +01 312 915 6077; (F): +01 312-915-6988; Graduate School of Business, Loyola University Chicago, 1 E. Pearson, Chicago, IL, 60611, USA.