ANTICIPATED OUTCOME EMOTIONS & COGNITIVE APPRAISAL: ASSESSING SOCIAL & ECONOMIC DIMENSIONS OF SOCIAL ENTREPRENEURIAL OPPORTUNITIES (INTERACTIVE PAPER)

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INTERACTIVE PAPER

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Principal Topic
How entrepreneurs perceive, evaluate and exploit opportunities is perhaps entrepreneurship’s core phenomenon. That mandates we better understand those processes both from the rational cognitive perspective and the perspective of emotions. The best target phenomena to study then are those where both rational analysis and deep emotion must arguably be salient: Social entrepreneurial opportunities.

Neuroeconomics research argues to consider cognitive phenomena explicitly at deeper levels (Krueger, 2007) such as experiment-based analyses of how cognitive appraisal and anticipated-outcome emotions influence individual perception, evaluation and exploitation of entrepreneurial opportunities. Cognitive appraisal theories explicitly address cognitions, emotions and their interaction, assessing how persons appraise events (e.g., prospective venture launch) using both cognitions and emotions that significantly influence behaviour. Lazarus and Ellis’s cognitive appraisal theory of emotion postulates we appraise events with respect to their importance and desirability (primary appraisal) and the ability to react (secondary appraisal).

More positive primary appraisals (general and situation-specific) and secondary appraisals will be associated positively on the perception and evaluation as well as the likelihood of exploiting entrepreneurial situations.

Method
In a 2x2 between-subjects experimental design, we asked ~300 subjects to envision a social entrepreneurial opportunity with both social and economic dimensions, randomly assigning subjects to conditions where envisioned opportunities had (a) either high or low economic return and (b) either high or low social return.

Subjects envisioned each situation, then estimated the intensity of outcome and attribution-dependent emotions using tested rating scales, controlling other potential causal factors to isolate the role of emotion, such as controlling for the perceived value and importance (primary appraisal) and secondary appraisal (available coping mechanisms) of the opportunity.

We hypothesize relationships between potential financial and social profit of an opportunity and its perception and evaluation as an entrepreneurial opportunity are moderated by evaluative cognitions and by anticipated emotions (especially fear of expected failure). We hypothesize that positive emotions drive more favorable evaluation of opportunities given the same outcome characteristics of opportunities and drive more opportunity exploitation.

Results/Implications
(1) Demonstrate experimentally how anticipated outcome and attribution-dependent emotions influence opportunity perception, evaluation and expected exploitation.
(2) Assess separately how they individually and collectively influence a critical entrepreneurial process.
(3) Further evidence for neuroscience-influenced experimental methods, especially as applied to decision processes of social entrepreneurs.

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