ENTREPRENEURIAL OPPORTUNITIES AND THE FILTERING ROLE OF HUMAN AGENCY: RESOLVING THE OBJECTIVE-SUBJECTIVE-REALIZED CONUNDRUM (SUMMARY)

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SUMMARY

ENTREPRENEURIAL OPPORTUNITIES AND THE FILTERING ROLE OF HUMAN AGENCY: RESOLVING THE OBJECTIVE-SUBJECTIVE-REALIZED CONUNDRUM

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Principal Topic
The wildly unequal rates at which entrepreneurial opportunities are translated into entrepreneurial activity across the world suggest the existence of certain filters that hamper the efficiency of such translation. Because entrepreneurial process implies the nexus of opportunities and individuals (Shane & Venkataraman, 2000), we suggest that human agency plays a filtering role that prevents many opportunities from resulting in entrepreneurial activity. In this study we look at three human agency filters—human capital, perceived capabilities and fear of failure—at two different stages of the entrepreneurial process. First, we propose that human capital acts as a filter preventing objective opportunities from being perceived such that not all objectively existing opportunities are acknowledged. Second, subjectively perceived opportunities need further human agency intervention to be exploited. At this stage, perceived capabilities and fear of failure act as a filter preventing entrepreneurial activity.

Method
The data set consists of 68 countries over the course of 5 years (2002-2006). Our data come from two major sources – World Bank’s World Development Indicators and Global Entrepreneurship Monitor database. Given the panel character of the data we utilized panel-corrected standard errors procedure. The main variables in the study are objective opportunities (those already shown to exist), perceived opportunities, human capital, perceived capabilities, fear of failure and total entrepreneurial activity.

Results and Implications
Even for opportunities that objectively exist, human agency plays a crucial role in bringing them to fruition. Our study demonstrates how exactly human agency may serve as a filter between objectively existing opportunities and observed entrepreneurial activity. First, low human capital prevents many objective opportunities from being subjectively perceived. Second, low levels of perceived capabilities prevent subjectively perceived opportunities from stimulating entrepreneurial activity. Finally, high levels of fear of failure also prevent subjectively perceived opportunities from being realized. These results confirming the filtering role of human agency contribute to the growing literature on the individual-opportunity nexus as a useful framework for understanding entrepreneurship. We also contribute to the new venture creation literature by explaining how human characteristics influence rates of new venture creation at the country level.

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