YOUNG NASCENT ENTREPRENEURS AND IMPULSIVITY (INTERACTIVE PAPER)

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Principal Topic

Impulsivity is defined as the tendency to act rapidly, with little deliberation about potential long-term consequences. Though impulsivity is often associated with negative behaviors, it has been suggested that impulsivity may also be “functional” in certain contexts. We argue that entrepreneurship may be one such context. Specifically, we explore the relationship between impulsivity and nascent entrepreneurial activities in young entrepreneurs.

Research shows that industry experience is a significant factor in opportunity recognition and new venture performance. Inexperienced individuals can learn much by immersing themselves in an industry. However, many entrepreneurs choose to start a new venture before gaining such experience. These individuals likely understand the potential benefits of industry experience but are willing to take the risk with the hope of achieving desired outcomes sooner rather than later. We argue that greater levels of impulsivity may help to explain why some individuals choose to start a venture very early in their career, and therefore forego becoming experienced in an industry.

Method

Seventy-six university students, including nascent entrepreneurs and non-entrepreneurs, participated in this study. To measure impulsivity, we used a technique for measuring delay and probability discounting that is commonly used in the psychology literature. The participants were also questioned regarding entrepreneurial intentions, risk-taking, self-efficacy, and other characteristics.

Results and Implications

The results of the analysis indicate that nascent entrepreneurs exhibit more impulsivity than individuals intending to start a business later in their career. Nascent entrepreneurs are also more impulsive than those not intending on starting a business at all. In other words, while impulsivity did not have a direct relationship with the intention to start a business, it does seem to influence the timing of when to start a business. The relationship between impulsivity and risk-taking and self-efficacy are also discussed.

Impulsivity may prove to be a functional advantage for certain individuals that recognize true entrepreneurial opportunities. Entrepreneurs must rapidly respond to signals from the environment and act when opportunities arise. Individuals that are impulsive appear to be more likely to participate in nascent entrepreneurial activities when they see an opportunity. Future research will help to elucidate the relationship between impulsivity and entrepreneurial performance.

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