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A SOCIAL COGNITIVE PERSPECTIVE ON OPPORTUNITY EVALUATION (SUMMARY)

Trayan Kushev

California State Polytechnic University, Pomona, USA, tnkushev@cpp.edu

Manju Ahuja

University of Louisville, USA

Shaunn Mattingly

Boise State University, USA

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≈ SUMMARY ≈

**A SOCIAL COGNITIVE PERSPECTIVE ON
OPPORTUNITY EVALUATION**

Trayan Kushev, *California State Polytechnic University, Pomona, USA*

Manju Ahuja, *University of Louisville, USA*

Shaunn Mattingly, *Boise State University, USA*

Principal Topic

Evaluation is at the center of the entrepreneurial process and yet we know very little of the factors informing evaluation decisions. Furthermore, research on the topic is limited in that it mostly examines either opportunity-based or individual-based factors in simple models. Of course, evaluation decisions are more sophisticated and include various factors (Shane & Venkataraman, 2000). Examining these factors is essential in studying entrepreneurship as a process (Choi & Shepherd, 2004). This study uses social cognitive theory as a basis to develop an integrative model of opportunity evaluation. Building on social cognitive theory's assertions that the *environment*, the *individual* and his/her *focal behavior* will interact to explain individual actions (Bandura, 1989), we propose a multilevel, integrative research model.

Method

We empirically test the theorized model using a conjoint experiment and hierarchical linear modeling on data from a sample of 120 entrepreneurs. The dependent variable in this study is the evaluation of the attractiveness of the opportunity. The independent and moderating variables include the decision attributes proposed by Haynie, Shepherd, and McMullen (2009), social capital relatedness, entrepreneurial experience, regulatory focus, age, gender, and education.

Results and Implications

The findings support social cognitive theory's assertions that the environment, the individual and his/her focal behavior will interact to explain individual actions. Results indicate that novice entrepreneurs might not put as much emphasis on inimitable resources. We also find that younger entrepreneurs put emphasis on valuable resources whereas older entrepreneurs put emphasis on resources that limit competitive response. These two findings have implications for the field of entrepreneurship, as they could be an explanation for the high failure rate of new businesses. Further, entrepreneurs will find opportunities that relate to entrepreneurs' stock of social capital more attractive. Data also indicates that this relationship is unchanged regardless of an entrepreneurs' experience, age, gender or education emphasizing the importance entrepreneurs place on how related an opportunity is to their social capital. Finally, there is evidence that entrepreneurs who are motivated by the need for security will rate opportunities as less attractive. Thus, this study offers new insights for the opportunity evaluation literature and strengthens our understanding of the importance of studying the joint effects of environmental, individual and behavioral factors playing a role on opportunity evaluation.

CONTACT: Trayan Kushev; tnkushev@cpp.edu; (T): +1 909-869-5328; (F): +1 909-869-4353; 3801 West Temple Avenue, Pomona, CA 91786.