OPPORTUNITY EVALUATION DIFFERENCES BETWEEN CORPORATE ENTREPRENEURS AND INDEPENDENT ENTREPRENEURS: THE EFFECTS OF PRODUCT-MARKET RELATEDNESS, RISK, AND SLACK RESOURCES (SUMMARY)

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SUMMARY

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Principal Topics

Phan et al. (2009) called for corporate entrepreneurship scholars to investigate the role of cognitive and organizational factors in a firm's entrepreneurial actions. We use the social cognition arguments of Corbett and Hmieleski (2007) to demonstrate how corporate entrepreneurs think differently from independent entrepreneurs. Corbett and Hmieleski (2007) argue that cognition differences between these two groups are attributable to a difference in entrepreneurial context and the demands of different entrepreneurial roles that engage distinct role schemas. We investigate how corporate entrepreneurs and independent entrepreneurs make decisions regarding the pursuit of entrepreneurial opportunities.

We examine three factors in our approach to entrepreneurial assessment of new venture opportunities. First, we explore the probability of successful outcomes from the initiative. We also include product similarity and market familiarity of the new business to the existing business of the corporation or individual in order to examine if entrepreneurs prefer opportunities that are related to their current businesses. Independent of these three factors, we also experimentally manipulate slack resources.

Method

Our full factorial experiment uses relatedness of the venture to current products explored and current markets served, and probability of expected outcomes. Respondents were informed that all opportunities represent desirable outcomes, such that valence is not varied between venture scenarios. Furthermore, respondents were primed with a description of their core business' situation (e.g., resource requirements over the next relevant time period, in combination with resources available), to evaluate investment opportunities in light of available resources. We adjusted available resources compared to core business resource requirements to capture high and low levels of slack.

Results and Implications

Early results indicate that this study has the potential to make several important contributions. First, results indicate that corporate entrepreneurs and independent entrepreneurs activate different role schemas when evaluating opportunities, regarding the choice to diversify risk versus maximize expectancy. Additionally, our results clarify the effect of resource availability on entrepreneurial decision-making. Finally, we find that product and market relatedness are important to corporate entrepreneurs when making decisions to invest in new business ideas.

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