



To thine own self be true: Images of self, images of opportunity, and entrepreneurial action^{☆,†}

J. Robert Mitchell^{a,*}, Dean A. Shepherd^{b,1}

^a The University of Oklahoma, 307 W. Brooks St., AH 219, Norman, OK 73019, United States

^b Indiana University, 1309 E. Tenth St., BU 650, Bloomington, IN 47405, United States

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ABSTRACT

While research in entrepreneurship continues to increase general understanding of the opportunity-recognition process, questions about its nature nonetheless persist. In this study, we seek to complement recent research that relates “the self” to the opportunity-recognition process by deepening understanding of the self vis-à-vis this process. We do this by drawing on the self-representation literature and the decision-making literature to introduce two distinct types of images of self: images of vulnerability and images of capability. In a study of 1936 decisions about hypothetical entrepreneurial opportunities made by 121 executives of technology firms, we then investigate how both types of images of self affect the images of opportunities that underlie opportunity recognition. Our results indicate that *both* images of self – vulnerability and capability – impact one’s images of opportunity.

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1. Executive summary

Previous research in entrepreneurship indicates that entrepreneurs make decisions about opportunities based on fit with an ideal image of an opportunity. Interestingly, the images of experienced entrepreneurs versus novice entrepreneurs are different. Whereas novice entrepreneurs’ images of opportunity are based on newness and uniqueness, experienced entrepreneurs’ images of opportunity are based on profitability and feasibility. What this research suggests is that just as opportunities are not all the same, there are also distinct differences in entrepreneurs: and that these differences in entrepreneurs can affect their perceptions and decisions about opportunities. The purpose of our study is to identify a set of relevant differences in entrepreneurs and to investigate how these differences affect their images of opportunities. By so doing, we inform the question of “why, when, and how some people and not others discover and exploit opportunities” (Shane and Venkataraman, 2000, p. 219).

To set the foundation for this investigation, within our study we first establish a baseline opportunity image. Consistent with previous research, we hypothesize that a baseline opportunity image varies along a profitability dimension: potential value, a feasibility dimension: knowledge relatedness and two dimensions related to a broader opportunity environment: window of opportunity availability and number of potential opportunities. We also hypothesize that these components will interact in their effect on the decision to act on an opportunity. To identify the differences in individual entrepreneurs that can affect these images of opportunity, we draw on research about individuals’ attitudes and beliefs about themselves. Namely, we focus on the elements of self that are based in an individual’s fears and their own potential. Based on this research, we introduce two images of self:

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* Corresponding author. Tel.: +1 405 325 5692.

E-mail addresses: jrmitch@ou.edu (J.R. Mitchell), shepherd@indiana.edu (D.A. Shepherd).

¹ Tel.: +1 812 856 5220.

images of *vulnerability* (fears) and images of *capability* (potential). Images of vulnerability are captured using a measure of fear of failure, while images of capability are captured using measures of human capital and entrepreneurial self-efficacy. We hypothesize that both types of images of self affect entrepreneurs' opportunity images as they relate to the entrepreneurs' decisions to act on opportunities.

We test our hypotheses using 1936 decisions made by 121 executives of technology firms identified using the CorpTech technology database. Using a metric conjoint analysis design, each entrepreneurial decision maker was asked to evaluate their likelihood of investment in 16 separate hypothetical opportunities. Each opportunity profile consisted of information about four opportunity attributes: potential value, knowledge relatedness, window of opportunity and number of potential opportunities. In addition, a questionnaire was used to measure the fear of failure, human capital and entrepreneurial self-efficacy constructs following the decision-making task. The results of our study indicate that both images of self – vulnerability and capability – impact entrepreneurs' images of opportunity.

Because the sample used in this study consists of technology entrepreneurs, future research in this area should investigate how the images of self in a broader set of entrepreneurs affect the decision making of these entrepreneurs. Future research should also identify whether other images of self (i.e., hopes and goals) and/ or other types of images affect entrepreneurs' opportunity images (e.g., images of others, images of the environment, images of institutions, etc.). In addition, there still exist open questions about how images of self impact images of opportunity. Moreover, our research does not address the extent to which images of self affect the performance of new ventures based in entrepreneurial action. In this sense, future research should seek to understand the extent to which differences in images of self can affect performance outcomes.

Opportunity is missed by most people because it is dressed in overalls and looks like work. — Thomas Edison

2. Introduction

In the above epigraph, Thomas Edison reveals his image of opportunity. We begin with this characterization in order to introduce our investigation of such images of opportunity. Specifically, in this study we seek to understand the extent to which people make opportunity decisions based on the fit between decision alternatives and some representational image or prototype for the decision² (Mitchell and Beach, 1990) and the extent to which their perceptions of themselves impact these images of opportunities. In the language of Edison, in this study we investigate the extent to which the opportunity dressed in overalls (an image of opportunity) is recognized because the recognizer metaphorically sees himself/herself in overalls (an image of self). We see this investigation as important because it addresses a central question in entrepreneurship research, namely “why, when, and how some people and not others discover and exploit opportunities” (Shane and Venkataraman, 2000, p. 219). Moreover, while an understanding of the opportunity-recognition process is becoming clearer (e.g., Keh et al., 2002; Lumpkin and Lichtenstein, 2005; Ozgen and Baron, 2007), questions about its nature nonetheless persist (Baron and Ensley, 2006). This study is intended to further clarify the role of the individual – the starting point of knowledge creation and progression in an organization (Nonaka, 1994, p. 20) – in this process.

Of course, the introduction of the individual into research on the opportunity-recognition process is not new. Baron and Ensley (2006), for instance, investigated how differences in experience between experienced and novice entrepreneurs affected opportunity recognition, finding that experienced entrepreneurs possess richer and more relevant images of opportunity than novices. With our research, we seek to complement their research findings by deepening understanding of the contributions of the self in the opportunity-recognition mix. To do so, we draw on the self-representation literature (e.g., Markus and Wurf, 1987) to introduce two distinct types of images of self: images of vulnerability and images of capability.

We believe that the introduction of a more detailed image of self is important for two reasons. First, individuals often recognize entrepreneurial opportunities that can be pursued without recognizing them as opportunities that they themselves can or should pursue. McMullen and Shepherd (2006, p. 133) illustrated this by differentiating between potential opportunities for anyone, which they term *third-person opportunities* and a potential opportunity for a specific actor, which they term *first-person opportunities*. To us, the recognition of third- but not first-person opportunities points to the importance of viewing images of opportunities in conjunction with images of self (i.e., why some *but not others* identify the opportunity (Shane and Venkataraman, 2000, p. 219)) and to the importance of understanding how these images of self contribute to and affect the process of first-person opportunity recognition. In this way, we investigate the extent to which differences in decision makers' personal images of opportunity (within-individual) are impacted by differences in their perceptions of themselves (between-individual).

Second, and more broadly, the inclusion of a detailed portrait of the self is important because prominent characterizations of entrepreneurship suggest that it involves the nexus of opportunities and enterprising individuals (Shane and Venkataraman, 2000, p. 218). For this reason, examinations of images of opportunities will benefit from being linked to a more detailed view of the enterprising individuals' images of self. As noted by Fiske and Taylor (1991, p. 99) “our perceptions of the world reflect an interplay between what's out there and what we bring to it”. By investigating how images of opportunity (what's out there) and images of

² We note that the term image from decision theory is synonymous with the term prototype from cognitive theory (Mitchell and Beach, 1990) and, for the sake of consistency use the term image throughout.

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