

How do motivational factors influence entrepreneurs' perception of business opportunities in different stages of entrepreneurship?

Abstract

The purpose of this paper is twofold: first, it analyses the relationship between optimism about the emergence of future entrepreneurial opportunities and the length of the entrepreneurial experience; second, it aims to identify the external factors that can moderate this relationship. Our empirical analysis is conducted on a cross-national sample of 450,000 individuals drawn from the Adult Population Survey (APS), which is collected by the Global Entrepreneurship Monitor (GEM) consortium and covers the period from 2009 to 2011. Our results find an inverted U-shaped relationship between the length of the entrepreneurial experience and our indicator of optimism. Additionally, the relationship between optimism and length of entrepreneurial experience is conditioned by a set of external-factor moderators, such as social capital and the individuals' perception of how valued entrepreneurship is as a career choice in their country.

Keywords: Optimism; Experience; Opportunism; Societal acceptance; Social capital.

Introduction

Over the last decade or so, entrepreneurship research has started to focus on the 'mental maps' individuals use to process external information in an attempt to reconstruct how entrepreneurs develop the unique knowledge structures (either scripted or heuristic) they use to assess potential entrepreneurial opportunities (Cooper and Saral, 2013; Grégoire et al., 2011; Baron, 1998; Mitchell et al., 2007; Mitchell et al., 2004; Chell, 2000; Lazear, 2004; Busenitz and Barney, 1997; Busenitz and Law, 1996). A key insight from this literature is that entrepreneurs tend to be subject to various biases (including over-optimism and over-confidence) when assessing potential opportunities (Baron, 2000; Gaglio, 2004; Groves et al., 2011; Haynie et al., 2010; Markman et al., 2002; Mitchell et al., 2002; Storey, 2014; Shook et al., 2003; Pillai, 2010). Moreover, many papers have found that entrepreneurs tend to be more optimistic about the future prospects of existing opportunities than non-entrepreneurs (e.g., Wright et al., 1997; Cooper et al., 1988; Keh et al., 2002).

Within this broad literature, some studies have started to focus on the role that previous entrepreneurial experience has in shaping optimism about the perceived attractiveness of existing opportunities among entrepreneurs. Jovanovic (1982) and Ucbasaran et al. (2009) point