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Mike Morris

Oklahoma State University, mhm@okstate.edu

Dave Brannon

Syracuse University

Minet Schindehutte

Syracuse University

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SUMMARY

HOW ENTREPRENEURSHIP IS EXPERIENCED: THE AFFECTIVE NATURE OF NEW VENTURE CREATION

Mike Morris, Oklahoma State University

Dave Brannon, Syracuse University

Minet Schindehutte, Syracuse University

Principal Topic

The experiential nature of entrepreneurship is receiving increased scholarly attention. Kreft and Sobel (2005) characterize venture creation as a trial and error experience, while Sarasvathy (2004) suggests the ability to effectuate outcomes is rooted in ongoing experiences. Politis (2005) argues that entrepreneurial learning results from the manner in which experiences are processed. Shepherd (2008) describes impending venture failure as a grieving experience. Schindehutte and Morris (2003) examine “peak experiences” of entrepreneurs. While entrepreneurship would seem inherently experiential, we know surprisingly little about what it is like to be “in the moment” as a venture takes form. This research argues that entrepreneurial experiences are fundamentally affective in nature, and attempts to uncover their underlying dimensionality.

Method

A two-stage research process began with identifying characteristics of the venture creation experience as anecdotally captured in the literature. Content analysis was conducted to elicit terms used to describe the experience from: articles on venture creation in major journals over five years; leading entrepreneurship textbooks; and c) 650 interviews of entrepreneurs. This stage produced 49 experience descriptors. A survey was then conducted with a random sample of 600 ventures in their fifth year. Entrepreneurs indicated the extent to which each descriptor captured their experiences. Results were factor analyzed using a methodology developed by Mano and Oliver (1993) with consumer experiences. Composite measures were computed from the resulting dimensions and multidimensional scaling (MDS) was used to capture patterns in the entrepreneur’s experiences.

Results and Implications

Three affective dimensions were identified: “stress,” “empower,” and “empty”. The MDS analysis produced a solution where the positioning of the dimensions corresponds to positive-negative valence. Differences on the dimensions were noted between lifestyle and growth ventures. The findings reinforce a situated view of entrepreneurial action (Berglund 2007), where the many events that occur as a venture unfolds are experienced differently by different actors. The realities of experiencing can be far removed from the more recognizable patterns upon which behavioral researchers dwell, or the situational sampling driving much of the research. An experiential perspective suggests that the entrepreneur is created as the venture evolves. Hence, the nature of the experience itself may drive the kind of entrepreneur and venture that emerges.

CONTACT: Michael Morris; mhm@okstate.edu; (405) 744-5357; Entrepreneurship Department, Oklahoma State University, Stillwater, OK 74078.