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An Effectuation Measure of Entrepreneurial Intent

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Abstract

This article proposes a novel measure of entrepreneurial intent, the “Entrepreneurial Intent Scale”, to address shortcomings of existing measures. Previous scales have confounded intent with beliefs, attitudes, and expectations, contrary to the assumptions of the Theory of Planned Behaviour that underpins research in this area. Such confounding of measures can lead to significant errors in the interpretation of empirical insights into entrepreneurial intent. Secondly, they have treated entrepreneurship as an “all-or-nothing” decision, ignoring evidence that many prospective entrepreneurs employ effectual logics and formation of intent. This misspecification of the construct can lead to systematic bias in measurement of entrepreneurial intentions.

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1. Introduction

An essential motivation for better understanding the causes of entrepreneurial behaviours, such as having positive attitudes and entrepreneurial intent, has been a growing recognition of the important role that entrepreneurs play in social and economic growth and development. Entrepreneurship has been observed to be an important and beneficial activity at the level of firms, industries, regions, and nations (e.g., Audretsch 1995; Blanchflower, Oswald et al. 2001; Audretsch and Fritsch 2002; Carree, van Stel et al. 2002). Promoting entrepreneurship is therefore considered

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to be a social good worthy of support from policy makers and academic researchers. For example, several researchers have attempted to investigate the effects of different educational policies on the development of entrepreneurial intent within targeted populations (e.g., Vesper and Gartner 1997; Dana 2001; Galloway and Brown 2002; Noel 2002; Peterman and Kennedy 2003; Ucbasaran, Westhead et al. 2003). But such research support requires insight into the precursors of entrepreneurial intent, which have been confounded by methodological issues with the interpretation of extant research. It is therefore the purpose of this research to develop a new measure of entrepreneurial intent that is free of these methodological issues and is a better indicator of actual entrepreneurial intent among individuals, and can thus become a more standardized measure for use in a wide range of future research efforts.

This article begins with an examination of the literature pertaining to the entrepreneurial intent construct and its measurement. From this review, specific methodological shortcomings will be identified that threaten the validity of empirical research that utilizes the entrepreneurial intent construct, and an alternative approach to operationalization will be proposed. This approach will then be employed to develop a novel alternative scale by following best practice in scale development methods. It will then be argued that this new scale provides improved construct validity and construct adequacy and therefore provides a basis for improved operationalization of future empirical research involving the entrepreneurial intent construct.

2. Literature Review

To set the stage for this project into developing an improved measure of entrepreneurial intent, the previous literature will be reviewed from two perspectives. First will be a brief review of the literature related to the entrepreneurial intent construct and its precursors, and the various measurement approaches that have been taken before. Second will be a review of the literature related to the process of “entrepreneurship”, which emphasizes the step-wise and processual nature of nascent entrepreneurial activities. This review will consider both the traditional perspective of an *a priori* objectively defined process of new venture creation, and the more recent subjectivist perspective of an emergent and idiosyncratic entrepreneurship process based on *ad hoc* experimentation and learning (i.e., effectuation and bricolage).

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The process of entrepreneurship is considered to be those activities that an individual undertakes to find attractive opportunities (whether recognized, discovered, or created from nothing), develop plans to exploit the business potential of these opportunities, assemble the resources and stakeholders necessary to implement these plans, and begin to execute the plans. In this approach I am implicitly endorsing a definition of entrepreneurship that is closely aligned to Howard Stevenson’s well-known view that entrepreneurship essentially involves the pursuit of opportunities without regard to resource limitations (Stevenson 1985) and to the views of Shane and Venkataraman that entrepreneurship is essentially about identifying and assessing opportunities and then exploiting them (Shane and Venkataraman 2000; Shane 2012), and thereby also implicitly rejecting perspectives that entrepreneurship necessarily involves new venture creation by individuals outside of the corporate employment context, requires radical innovation, or is equivalent to small-business management. The entrepreneurship literature is generally plagued by competing definitions that are sometimes contradictory and that often confound attempts to reconcile the results of diverse empirical research. For this reason I have deliberately adopted a definition that is very broad with respect to the formation of intent – I require only that prospective entrepreneurs intend to pursue their opportunities.

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