

≈ SUMMARY ≈

GOOD HOUSEKEEPING: ESTABLISHING AN OPERATIONALISATION BASELINE IN THE TESTING OF TRANSACTION COGNITION ENTREPRENEURSHIP THEORY*J. Brock Smith**University of Victoria**Ronald K. Mitchell**Texas Tech University**Mark Pritchard**Arizona State University***Principal Topic**

A transaction-cognition theory (TCT) has been proposed by (Mitchell 2003, 2001) as the potential foundation for a general theory of entrepreneurship. TCT focuses on the thought processes or cognitions that individuals need in order to create value and achieve superior results. Two central tenets of this theory are that: 1) three sets of knowledge structures, Planning, Promise, and Competition cognitions, are required to create a transaction and sustained transaction streams; and 2) three countervailing sets of knowledge structures, fatalism, refusal, and dependency cognitions limit the ability to complete transactions and achieve superior economic performance. The study explores preliminary measures of fatalism, refusal, and dependency cognitions and their impact on intention to venture. In doing so it provides the first empirical investigation of the TCT countervailing tenet, contributing to the development of the theory.

Method

The sample for this study was generated as part of a larger rural business development project in Arizona that focused on the attitudes and education needs of rural small business owners or those likely to start a business. A sampling frame of 3109 people was generated from state residents who were (1) members of chambers of commerce in the rural communities or (2) had contacted the Arizona Department of Commerce for information about starting new business. A random sample of 741 usable addresses was drawn from this list and mailed a cover letter, survey, and incentive offer. Follow-up postcards were also mailed to non-respondents 14 days after the initial mail-out (Babbie, 1995) reminding people to return their surveys as soon as possible, and inviting respondents to complete the survey online if that were more convenient. Two hundred and ninety surveys were returned for analysis (n=290), for a 32% response rate. Of these 180 were returned by mail and 110 surveys were completed online. Of the 290 responses, 103 were removed from the analysis due to missing values. Another 26 respondents with low entrepreneurial experience (not having started a business) were also removed from the analysis because of the potential for them being “unskilled and unaware” (e.g., Kruger & Dunning, 1999) and thus not having a cognitive basis for their intentions to venture. Consequently the useable sample consists of 161 rural Arizona business people with at least some entrepreneurial experience.

New measures were created for Planning, Promise, and Competition Cognitions and for Dependency, Fatalism, and Refusal Cognitions.

Hypotheses were examined with correlation analysis and in a Partial Least Squares (PLS) path analytic model (e.g., Chin 2000).

Results and Implications

Promise cognitions relating to the start-up phase of a new venture were found to be a significant predictor of Intention to Venture, but other Planning, Promise, and Competition Cognitions were not. Unexpectedly, Dependency Cognitions and Fatalism Cognitions were found to be positively related to Intention to Venture. This finding may be an artifact of the sample: rural small business owners and prospective entrepreneurs, even those with some new venture experience, may still be “unskilled and unaware.” They may not have the knowledge structures that would link transaction cognitions to New Venture Start-Up intentions, while those with higher dependency and fatalism cognitions having higher intentions to start a venture. While sample limitations restrict the ability of the study to inform transaction cognition theory, the study does contribute to future testing of theory by developing measures for key constructs and for identifying the potential for confounding by unskilled and unaware respondents.

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