Exploring the Minds of Future Change Makers

Nascent Entrepreneurs and Opportunity Evaluation

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Abstract

Background:
Entrepreneurship plays an indispensable role in today’s society. Especially, the creation of new ventures promotes economic growth and new opportunities. Hereof, Sweden is viewed as a role-model, since it is one of the most innovative and entrepreneurial active countries in the world. Almost 6% of Sweden’s inhabitants are currently characterized as nascent entrepreneurs and thus, are engaged in early entrepreneurial activities without having started an official venture yet. Considering the fact that nascent entrepreneurs have no prior entrepreneurial experience while facing uncertain environments, they have to evaluate the attractiveness of new venture ideas and decide whether they are worth to pursue or to drop them.

Purpose:
The purpose of this thesis is to explore the evaluation approach of nascent entrepreneurs in the light of new venture ideas. More precisely, we want to investigate what kind of approaches they make use of when evaluating the attractiveness of those ideas and their motives behind the approaches.

Method:
This thesis is of qualitative nature while following an inductive approach and conducting a multiple case study with ten cases of different nascent entrepreneurs. The data is collected through semi-structured interviews, which were conducted in personal face-to-face meetings. For analysing the empirical findings, we engaged in within-case and cross-case analyses, where we identified and analysed common patterns and differences across the cases.
Conclusion:
All of the research respondents apply a variety of evaluation approaches, where they make use of their cognition as a means of judging and assessing the attractiveness of new venture ideas. Besides utilizing their social network, existing knowledge and future estimations, all nascent entrepreneurs are using heuristic rules-of-thumb for evaluating the idea attractiveness. Thereby, we identified Passion, Monetary Incentives, Resources and Market Potential as the most outstanding rules-of-thumb in the clear majority of the cases.
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1. Introduction

Preface

We grew up dreaming of creating something larger than ourselves. We wanted to dedicate our lives in creating value for others, while at the same time feeling a sense of personal fulfilment and achievement. During this time, we observed entrepreneurial individuals change the way how people lived their lives. While we did not know how they seemed to do it, we wanted to be like them! They were our role models and still are. We got inspired and passionate about studying, not only their professional lives, but also the individuals in-depth. This led to us asking questions about how they did it, why are they so immensely successful? What kind of strategies do they use? How do they think and what can we learn from them? Ultimately, we realized that their success was not due to pure luck, but also to factors that were within their control. They constantly took advantage of opportunities and launched new ventures, while creating sustainable value for the world.

Our interest in studying the entrepreneur herself grew radically. We comprehended that these entrepreneurs seemed to evaluate new venture ideas in ways which led to the emergence of new successful businesses. They started as pure nascent entrepreneurs, simply with a new venture idea and later went on becoming success stories.

Having this burning curiosity within ourselves, we see this thesis as a fantastic opportunity to research how nascent entrepreneurs evaluate new venture ideas and what characterizes their evaluation.

1.1 Background

The entrepreneurship phenomenon has revolutionized and impacted the business landscape across the globe. The new generation of this 21st century has established the status as the most innovative and entrepreneurial generation, all the way back since the industrial revolution (Kurtako, 2005). Individuals nowadays consider self-employment as a means of not only social status, but also wealth accumulation and expansion of their social network (Nee & Sanders, 1985; Fischer & Massey, 2000; Keister, 2000; Quadrini, 1999). Entrepreneurial activities and firm growth have proven to have positive effects on the economic growth of countries (Carree & Thurik, 2010). The activities of
entrepreneurial nature, which new firms engage upon, encourage the creation of new jobs and opportunities (Bednarzik, 2000). Entrepreneurial activities are also apparent in the Nordic countries, where Sweden has the leading position. According to a survey conducted in Sweden by Tillväxtverket (2016), over 47% of the Swedish adult population has shown interest and considered starting an own business. At the same time, 70% of the adult Swedes agree that entrepreneurship contributes positively to an individual’s social status, which reflects Sweden’s positive perception of entrepreneurship. This perception is further confirmed by a study made by GEM (2018), where Sweden is ranked amongst the top ten countries in the world with the highest entrepreneurial spirit index and regarded as a highly innovation-driven country. Theatlantic (2017) describes Sweden as an unprecedented country when it comes to creating new ambitious businesses in relation to the size of its population, which is merely ten million people. Thus, in regards to entrepreneurship, it can be fairly stated that Sweden is respected globally and considered as a role-model.

In entrepreneurship, the entrepreneur occupies a key role as she drives entrepreneurial actions and creates organizations (Gartner, 1988). The individuals who show serious intentions in starting a new firm and undertake some entrepreneurial activities at the very early stage of the venture creation process are called nascent entrepreneurs (Carter, Gartner & Reynolds, 1996; Aldrich, 1999). The activities may include, e.g., validating the assumptions of their new idea, their resources or skills (Gartner et al., 2010). A study made by Statistia (2017) showed that almost 6% of the Swedish population is currently regarded as nascent entrepreneurs, which is above the European average of 5.1%. Moreover, nascent entrepreneurs are a highly influential part of entrepreneurship (Reynold & White, 1993), which can be characterized by the process of the recognition, evaluation, and exploitation of opportunities (Shane & Venkataraman, 2000).

The nascent entrepreneurs are often constrained to assess new venture ideas under today’s complex and rapidly changing business environment (Keh et al., 2002). Moreover, they lack historical information or data, while at the same time having to make choices about an opportunity (Miller, 1984). Considering that new venture creation is of crucial importance for the economic development of countries such as Sweden (Van Stel et al., 2005), it is imperative to get a deeper understanding of how nascent entrepreneurs evaluate new venture ideas, which may lead to new businesses. Indeed, evaluation plays a crucial part in entrepreneurship, since proper new venture idea evaluations can likely
lead to collecting and organizing the right resources and hence turns the new idea into a real venture (Baron & Ensley, 2009).

1.2 Problem Discussion

Substantial research on entrepreneurial opportunities is mostly concerned with their emergence and the actions taken by the entrepreneurs with the purpose of exploiting them. Yet, with few exceptions (e.g. Gupta & Turban, 2012; Williams & Wood, 2015; Wood & McKelvie, 2015; Keh, Foo & Lim, 2002; Chandra, 2017), there is a significant lack of understanding about the phenomenon of entrepreneurial opportunity evaluation. In particular, when it comes to the nascent entrepreneurial aspects of opportunity evaluation (McCann & Vroom, 2015). As such, the existing research has mainly focused on the actions taken by the nascent entrepreneurs, after they have identified a potential opportunity, which may lead to a new venture creation (Gartner & Carter, 2003). More specifically, the research has put emphasis on the practical activities undertaken by the nascent entrepreneurs, such as writing a business plan or developing a prototype, and how these activities affect the potential launch of the firm (e.g. Reynolds & White, 1993; Gartner & Carter, 2003). Besides, Dimov (2010) highlights that previous research has also put significant focus mainly on the characteristics and the attributes of this type of entrepreneurs (e.g. Aldrich, 1999; Wagner, 2006).

However, there is a lack of understanding of how the nascent entrepreneur evaluates and judges new venture ideas after they have already been identified. Nascent entrepreneurs are in the very early phase of their entrepreneurial journey, while they lack prior entrepreneurial experiences and knowledge (Westhead & Wright, 1998). Despite their lack of prior experience, they still need to go through the evaluation process in order to develop their venture ideas and prepare for a venture launch (Dimov, 2007; Dimov, 2010). Considering the fact that entrepreneurs usually face ambiguous entrepreneurial situations, literature highlights a number of approaches, such as, e.g., heuristic rules-of-thumb as possible guidance during the evaluation phase in uncertain settings (Bingham, Eisenhardt & Furr 2007; Busenitz & Barney, 1997; Busenitz & Lau, 1996).

In fact, when evaluating a new venture opportunity, its attractiveness is considered as a significant factor and plays a major role in exploiting the opportunity (Chandler & Hanks, 1994; Haynie et al., 2009). This, because the attractiveness of the opportunity is highly
regarded by the entrepreneurs when deciding whether it is worth to allocate valuable time and deploy the necessary resources into the new venture (Wood & McKelvie, 2015). When evaluating and making decisions about a particular opportunity, the entrepreneur’s cognition plays an essential role, which is related to the entrepreneur’s ways of thinking when making judgments about the opportunity (Acs & Szerb, 2007; Mitchell et al., 2002).

To advance the understanding on the evaluation aspects of nascent entrepreneurs regarding the attractiveness of new venture ideas and to address the knowledge deficiency in this phenomenon, it is vital to discover what characterizes their evaluation and the motives behind their evaluation approaches. We will thereby conduct a qualitative study of nascent entrepreneurs in Sweden who have earlier undertaken entrepreneurial activities, such as participation in accelerator programs.

1.3 Purpose & Research Question

To address the gap in the literature, the purpose of this thesis is to explore the evaluation approach of nascent entrepreneurs in the light of new venture ideas. More explicitly, we want to investigate what approaches they use upon evaluating the attractiveness of those ideas and the motives behind their approaches.

Our study is driven by the following research questions that will guide us in fulfilling our purpose:

- **How do nascent entrepreneurs evaluate the attractiveness of new venture ideas?**

Our study contributes primarily to the literature on opportunity evaluation of nascent entrepreneurs, more specifically it increases the understanding of how the evaluation of the new venture idea is approached. It aims to provide new insights and perspectives on these approaches. Moreover, our data led us to provide an explanation and a deeper understanding of how the approach of heuristic rules-of-thumb is used when evaluating the attractiveness of a new venture idea. This thesis is moreover contextualized in the Swedish setting, which further provides a nuanced understanding of new venture idea evaluation processes of nascent entrepreneurs in a particular context.
2. Theoretical Background

The following chapter presents the theoretical background for our master thesis. Firstly, we will present the literature about the types of entrepreneurs, followed by an in-depth discussion on nascent entrepreneurs. Further, we will elaborate upon opportunity evaluation, new venture idea attractiveness, entrepreneurial cognition and decision-making, as well as judgment. Finally, we will present the theory on heuristics.

2.1 Types of Entrepreneurs

In order to understand the full process of entrepreneurship, which is composed of opportunity recognition/identification, evaluation and entrepreneurial action taking, it is important to get a clear picture of the entrepreneur as an individual (Shane & Venkataraman, 2000). According to Westhead, Ucbasaran and Wright (2005), entrepreneurs can be defined as owners and/or founders of one or more companies and as individuals who are key decision makers within independent firms. They are major drivers of innovation and new offerings, whether by founding their own businesses or by working for a corporation (Bryant, 2007). The entrepreneur is a highly significant component within the field of entrepreneurship, since she undertakes entrepreneurial actions and potentially creates new organizations (Gartner, 1988).

That is why there has been a growing trend on researching the various occurrences of entrepreneurs (Alsos & Kolvereid, 1998; Westhead & Wright, 1998; Westhead, Ucbasaran & Wright, 2005; Westhead, Ucbasaran, Wright & Binks, 2005). Primarily, literature makes a distinction between three different types of entrepreneurs. These are namely novice entrepreneurs (individuals who start a firm without having any previous entrepreneurial experience), serial entrepreneurs (individuals who successively start/own companies) and portfolio entrepreneurs (individuals who start/own companies concurrently) (Alsos & Kolvereid, 1998). Since serial and portfolio founders share similar characteristics, e.g., both types have prior entrepreneurial experience and have run at least more than one business, researchers essentially classify them into one group as habitual entrepreneurs (Westhead, Ucbasaran & Wright, 2003).

As mentioned, novice and habitual founders are commonly discussed in the entrepreneurship literature. However, researchers have also touched upon a fourth type
of entrepreneur, which represents the first step before becoming a novice, serial or portfolio entrepreneur, namely the nascent entrepreneur.

2.2 Nascent Entrepreneurs (NE)

Nascent entrepreneurs are individuals who have the capabilities and fundamental requirements to potentially become successful entrepreneurs in the future. They are at the beginning of their entrepreneurial journey. As a consequence, they only have little or no experience and understanding of the processes that are involved in starting and owning a venture (Westhead & Wright, 1998). NE not only show serious intention to start a new venture but also proactively undertake steps and activities while being in the very initial phase, where she has not made the transition to new business ownership (Carter, Gartner & Reynolds, 1996; Aldrich, 1999). In other words, nascent entrepreneurship can be seen as the process when a single person or a group of people begin to invest resources and time in their venture idea and naturally aim to found a new independent start-up company (Wagner, 2006). If this procedure occurs within an established business, e.g., in the form of a job assignment, these individuals are called nascent intrapreneurs (Delmar and Davidsson, 2000).

The fact that nascent entrepreneurs are engaged in multiple activities is suggested by several empirical studies, which examined the activities undertaken by them in various contexts (e.g. Reynolds & White, 1993; Diochon, Gasse, Menzies & Garand, 2001; Gartner & Carter, 2003). For instance, NE may be involved in developing prototypes, invest their own money in the start-up project or already receive some money from selling their product or service (Reynolds & White, 1993). Table 1 gives an overview of the variety of possible actions that might be taken by nascent entrepreneurs. These activities are the findings of Wisconsin’s Entrepreneurial Climate Study, which was conducted by Reynolds and White (1993).
The different phases of nascent entrepreneurship are summarized in the model of entrepreneurial gestation and new firm birth processes by Reynolds and White (1993). It underlines the importance of nascent entrepreneurs in the entrepreneurial process. According to this model, the new venture creation process is triggered by two variables - the context (e.g. industry) and the adult population (the origin of entrepreneurs). If certain circumstances appear, individuals decide to attempt to start a new business and therefore become nascent entrepreneurs. Consequently, nascent founders keep track of the gestation process of a new start-up, which means that “(...) business structure develops and the operational procedures emerge.” (Reynolds & White, 1997: 6). As a consequence, they either successfully launch a business (new firm birth) or quit working on it.

Discussing the model of Reynolds and White (1993), there are a number of influences that impact the process of becoming a nascent entrepreneur. Peoples appetite for financial success, being innovative and independent as well as personal fulfilment, are one of the most substantial stimuli that drive them to become nascent entrepreneurs (Carter, Gartner, Shaver & Gatewood, 2003). Existing resources can also enhance the likelihood of starting a career in entrepreneurship as a NE (Haynie et al., 2009). Delmar and Davidsson (2000)

<table>
<thead>
<tr>
<th>Common Activities Undertaken by Nascent Entrepreneurs</th>
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<tbody>
<tr>
<td>- Give serious thoughts to the new business -</td>
</tr>
<tr>
<td>- Look for facilities or equipment or locations -</td>
</tr>
<tr>
<td>- Invest any money in the business -</td>
</tr>
<tr>
<td>- Purchase facilities or equipment or property -</td>
</tr>
<tr>
<td>- Save money to provide an investment for the business -</td>
</tr>
<tr>
<td>- Organize a start-up team -</td>
</tr>
<tr>
<td>- Write a business plan -</td>
</tr>
<tr>
<td>- Receive money from the sale of goods or services -</td>
</tr>
<tr>
<td>- Apply for licenses, patents, or permits to operate the business -</td>
</tr>
<tr>
<td>- Formally or informally ask for any type of funding -</td>
</tr>
<tr>
<td>- Devote full time to the business -</td>
</tr>
<tr>
<td>- Develop models or prototypes -</td>
</tr>
<tr>
<td>- Take steps to set up legal entity -</td>
</tr>
<tr>
<td>- Receive financial support, formal or informal -</td>
</tr>
<tr>
<td>- Rent or lease facilities, equipment, or property -</td>
</tr>
<tr>
<td>- Hire employees that share no ownership -</td>
</tr>
</tbody>
</table>

Table 1: Entrepreneurs Gestation Behaviours; Source: adapted from Reynolds and White (1993: 17)
conclude that human and social capital increase the probability of being a nascent entrepreneur. Hereof, variables in the manner of educational background, current self-employment, previous start-up experience, full-time work experience, being a member of a business network and the percentage of relatives who are business owners have an effect on the decision-making of individuals to become nascent entrepreneurs (Kim, Aldrich & Keister, 2003; Davidsson & Honig, 2003).

In accordance, Dimov (2010) states that a nascent entrepreneur’s human capital not only fosters the probability to get involved in nascent entrepreneurial activities but positively affects new firm emergence. Firm emergence is a continuous evaluation and iteration process of an opportunity where prospective entrepreneurs develop their ideas while trying to get engaged with other social actors to discuss and interpret their developments (Dimov, 2007). Nascent entrepreneurs seek to gain more information and a deeper understanding of their venture idea to be able to make more reasonable judgments towards a successful launch (Dimov, 2010; Cooper, Folta & Woo, 1995). Hence, Dimov (2010) states that industry experience of nascent entrepreneurs has a direct positive effect on venture emergence and is influenced by the nascent entrepreneur’s opportunity confidence. Opportunity confidence plays a key role in venture emergence since it serves “(...) as a conceptual umbrella for the evolving conviction by the nascent entrepreneurs that the opportunity at hand is feasible and that they will be able to establish a venture that exploits it.” (Dimov, 2010: 1143). Entrepreneurial opportunities are the starting point of all entrepreneurial action taking and thus the offspring of becoming a nascent entrepreneur. Hence, nascent entrepreneurs engage in entrepreneurial activities, and they subsequently become involved in the entrepreneurial process.

2.3 The Entrepreneurial Process

The broad consensus in defining entrepreneurship is that it is the process of recognition, evaluation, and exploitation of opportunities (Shane & Venkataraman, 2000). Opportunity recognition can be described as the first step, which the entrepreneur goes through to identify a new opportunity (Eckhardt & Shane, 2003). This has distinctions from opportunity evaluation and exploitation (Baron, 2004a). Opportunity evaluation refers to the entrepreneur’s judgments and perceptions considering the degree to which an opportunity is lucrative and has the element of feasibility (Gregoire & Shepherd,
The final part of the entrepreneurial process consists of opportunity exploitation, which underlines actions and steps taken by the entrepreneur to tap into the opportunity (Wood & McKelvie, 2015). The entrepreneurs either find or create those opportunities where new business possibilities, services or products can emerge and ultimately lead to profitability (Sarasvathy & Venkataraman, 2011). Shane and Venkataraman (2000) claim that the most crucial element in defining entrepreneurship is namely the entrepreneurial opportunity. Entrepreneurial opportunities can be defined as ideas that have characteristics such as being novel, having a potential to reach the market, are feasible and have still not been recognized by others (Baron, 2004a). These could eventually lead to profit for the entrepreneur. However, before an entrepreneur can successfully exploit an entrepreneurial opportunity, she has to go through the evaluation process, which takes a crucial part in the field of entrepreneurship. That is because proper new venture idea evaluations can lead to a better possibility of gathering the right resources and therefore turn the idea into a real business (Baron & Ensley, 2006).

2.4 Opportunity Evaluation

Entrepreneurs usually produce lots of new venture ideas. Nevertheless, what sets apart an opportunity from an idea, is the evaluation process (Hills & Shrader, 1998). Opportunity evaluation is considered as being focused on future outcomes. The entrepreneur evaluates the current opportunity based on what benefits it will offer in the future (Haynie, Shepherd & McMullen, 2009). Thereby, they engage in an evaluating process to envision and evaluate potential results associated with the opportunity (Cox, 2014). According to Hastie (2001), opportunity evaluation consists of processes, which involve a series of judgments in which the entrepreneur includes, e.g., possible outcomes and consequences. Entrepreneurs may use estimations of what outcomes their actions might produce in the future (Hastie, 2001). Moreover, entrepreneurs may also conduct mental visualizations or mental imagery as a strategy to enhance their entrepreneurial performance (Neck et al., 1999).

While entrepreneurs evaluate an opportunity, and decide whether the opportunity is of interest, they usually make their judgments under very uncertain and complex conditions (Keh, Foo & Lim, 2002; Miller, 1984). Bhide (2000) claims that one of the reasons is that entrepreneurs most of the time face entrepreneurial opportunities in dynamic
environments with only minimal information and resources. Nonetheless, entrepreneurs still try to frame their existing knowledge in their thinking structures to evaluate ideas (Mitchell et al., 2002). Although, due to absence of historical or performance data available, entrepreneurs usually are confronted with high level of uncertainty while they have to make choices about an entrepreneurial opportunity (Miller, 1984), such as starting a new business and introducing a new product or service to the market (Busenitz & Barney, 1997). Moreover, introducing new offers to markets infers also uncertainty about its actual market acceptance (Busenitz & Barney, 1997). However, without having a deep understanding of the environment in which the entrepreneur will evaluate a business opportunity, it is improbable to forecast possible results. Therefore, literature argues that it is recommended for entrepreneurs to have profound insights of the market and business environment in order to make better assessable decisions and evaluations (Zivdar, Imanipour, Talebi & Hosseini, 2017). Finally, the entrepreneurs must decide whether to pursue the opportunity or to reject it and wait for another chance (Shane & Venkataraman, 2000). In doing so, the entrepreneurs turn data into understanding and interpret, for instance, the attractiveness of an opportunity (Barreto, 2012). This, because the entrepreneur validates the opportunity attractiveness to decide whether it is worth to invest time and resources into it (Wood & McKelvie, 2015).

### 2.4.1 Attractiveness of New Venture Ideas

According to Haynie et al. (2009), if an entrepreneurial opportunity is considered as attractive or not, depends mostly on the individual’s perspective. Evaluating upon opportunity attractiveness is closely related to the entrepreneurs existing resources and human capital such as skills, abilities or knowledge. The authors argue that the evaluation about the attractiveness of an opportunity is influenced by the entrepreneur’s assessment on how resources, which will potentially emerge from the actual entrepreneurial action taking, can be integrated with her own existing resources. Nevertheless, even when the personal point of view is one of the fundamental keys in perceiving an opportunity as attractive, Chandler and Hanks (1994) point out that a given appeal of the actual market and business opportunity is also essential to successfully exploit the opportunity. Porter (1980) states that market and opportunity attractiveness is more likely to be appealing within unbalanced industries (e.g. new industries) as well as within industries where
predominant companies are usually ineffective when it comes to riposte. This is because the market and the opportunity seems to be more appealing when the rivalry is limited, and competitors cannot just follow by coming up with a similar product or service. As a consequence, it is possible to create competitive advantages and secure a stronger market position, which leads to an increase in opportunity attractiveness (Haynie et al., 2009). As important as the presence of competition seems about considering a market and business opportunity as attractive, there are additional criteria that contribute to the actual opportunity attractiveness. Merrifield (1987) defined in his paper six business attractiveness factors, which support the evaluation process of an entrepreneurial opportunity (Table 2). Criteria like the potential of future sales, growth or risk distribution are basic factors that determine the appeal of a new venture.

<table>
<thead>
<tr>
<th>Business Attractiveness Criteria</th>
<th>Questions to Ask</th>
</tr>
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<tbody>
<tr>
<td>Sales and profit potential</td>
<td>Does this potential business have a minimum sales/profit potential that is sufficient?</td>
</tr>
<tr>
<td>Political and social constraints</td>
<td>Are there political, social, antitrust, regulatory or other constraints that make it illegal or unethical?</td>
</tr>
<tr>
<td>Growth potential</td>
<td>Is this a growth, a static or an obsolescencing-declining business?</td>
</tr>
<tr>
<td>Competitor analysis</td>
<td>What is the competitive situation in this business area?</td>
</tr>
<tr>
<td>Risk distribution</td>
<td>Does this potential business have a number of different applications sufficiently differentiated from each other?</td>
</tr>
<tr>
<td>Industry restructure</td>
<td>Does this potential business involve breakthrough technology that an opportunity exists to restructure segments of the market, or create new markets?</td>
</tr>
</tbody>
</table>

*Table 2: Business Attractiveness Factors; Source: adapted from Merrifield (1987: 281)*

Furthermore, Dean, Hender, Rodgers and Santanen (2006) examined almost 100 articles about idea generation and creativity and by implication developed four quality dimensions for assessing ideas. According to these quality dimensions, a business opportunity is considered to be attractive, when it has (1) a certain degree of novelty, which is referred to the originality of the ideas, as well as when the business idea is (2) feasible and subsequently viable and easy to implement. Moreover, a business
opportunity can be further considered as attractive, when it is (3) relevant and solves a specific problem as well as when it is (4) specific and thus is worked out in detail.

While certain entrepreneurial opportunities or new venture ideas seem to be appealing to some entrepreneurs, others may have different perspectives and fail to evaluate or perceive them as equally attractive. This is largely due to the entrepreneur’s cognitive processes that affect the individual’s opportunity attractiveness perception (Wood & McKelvie, 2015).

2.4.2 Entrepreneurial Cognition
Entrepreneurship is a phenomenon, which is characterized by cognitive processes (Shane, Locke & Collins, 2003). From identifying and assessing an entrepreneurial opportunity through setting goals and strategies as well as improvise and decide about to exit, cognition makes up a basic part throughout all entrepreneurial stages (Mitchell, Mitchell & Randolph-Seng, 2014). Such being the case, it is indispensable to understand the subject of entrepreneurial cognition in order to comprehend the core of the origin and evolution of entrepreneurship (Krueger, 2003). Neisser (2014) asserts as a general rule that cognitive processes are part of every humans daily doing. In more detail, he describes cognition as all mental processes “(...) by which the sensory input is transformed, reduced, elaborated, stored, recovered, and used.” (p. 4). To put it in another way, cognition is related to any mental process such as judgment, perception and solving of problems along with planning and formation of schemas (O’shea, Buckley & Halbesleben, 2017). Consequently, Mitchell et al. (2002) defines entrepreneurial cognition as the entrepreneur’s ways of thinking and knowledge patterns that are applied to evaluate, judge and decide along the recognition, evaluation and exploitation of entrepreneurial opportunities. By making use of simplified thinking structures, entrepreneurs frame unconnected data and information, which encourage them to develop new services or products and prepare themselves with the required resources to set up a venture and establish it (Mitchell et al., 2002). As entrepreneurs usually have to make quick judgments and decisions in an environment that is typically characterized by high uncertainty and complexity, they try to reduce their mental efforts by using mental structures such as shortcuts and simplified strategies (Keh et al., 2002; Baron & Ward, 2004). These mental
structures lead to cognitive biases, which are more likely amongst entrepreneurs than non-entrepreneurs. Such biases give rise to entrepreneurs to assume better advantageous future outcomes than reasoned (Baron, 2004b). As a consequence, they may believe that e.g. their chances for success is greater than it actually is or they achieve particular milestones within a certain time frame than they actually can (Baron, 2004b). Research found out that entrepreneurs make use of cognitive biases to evaluate opportunities. It shows that cognitive biases influence the entrepreneurs risk perception when evaluating on opportunities (e.g. Keh et al., 2002; Simon, Houghton & Aquino, 2000; Palich & Bagby, 1995). As entrepreneurs generally have to make opportunity assessments under unpredictable and uncertain environments, their perceived risk becomes crucial in the process. That is because the less risk is perceived about an entrepreneurial opportunity, the likelier it is that the entrepreneur is assessing an opportunity or idea more favourable (Keh et al., 2002). This indicates why cognitive processes within the evaluation stage of business opportunities are primal components for a successful entrepreneurial action taking and decision-making (Grichnik, Smeja & Welpe, 2010).

2.4.3 Entrepreneurial Decision-Making & Judgment

Saaty (2008) states that all around the world, people are making ongoing decisions and judgments in every conceivable situation. That is because all our action taking, whether unconsiously or consciously, is the outcome of decisions we make. In order to be able to make proper decisions about certain events, we permanently seek information that supports us to comprehend these events (Saaty, 2008). As entrepreneurs, most of the time face entrepreneurial opportunities in dynamic environments with only minimal information and resources, the process of entrepreneurial decision-making and judgment is difficult to grasp (Bhide, 2000). This is mainly because the process is hard to understand and predicting is difficult (Miao & Liu, 2010). Consequently, the theme of decision-making is an interesting and a frequently researched topic within entrepreneurship literature.

In general, Hastie (2001) defines the decision-making process as “(...) the entire process of choosing a course of action.” (p. 657). In the context of entrepreneurship, Miao and Liu (2010) agree with Hastie (2001) in defining the decision-making process as choices made by entrepreneurs in the light of an entrepreneurial opportunity. To be able to make
proper choices among alternative courses of action, the entrepreneur has to apply judgment (McMullen & Shepherd, 2006; McMullen, 2015). In terms of pursuing a certain course of action, the entrepreneur makes judgments about whether her invested resources will create added value in the future (McMullen, 2015). Foss and Klein (2012) suggest that entrepreneurial judgments are critical elements of action since they are a part of opportunity evaluation and the field of resource management. Indeed, judgments are the main motivators of action as they are extensively involved in the evaluation and decision-making of which resources should be used to take advantage of the opportunity (Foss & Klein, 2012). Langlois (2007) clarifies judgment as an individual's ability to take decisions within uncertain and unforeseeable settings, which prove out to be appropriate and successful post hoc. In more detail, Hastie (2001) refers judgment “(...) to the components of the larger decision-making process that are concerned with assessing, estimating, and inferring what events will occur and what the decision-maker’s evaluative reactions to those outcomes will be.” (p. 657).
However, whether an entrepreneur decides to take entrepreneurial action on an opportunity, largely depends on how much she must count on her judgment, which is influenced by the experienced level of uncertainty within the evaluation phase (McMullen & Shepherd, 2006). Depending on the level of uncertainty and complexity of the conditions, the evaluation process becomes more challenging as the prediction of possible consequences is immoderately difficult or even impossible (Cox, 2014). Therefore, there is a need for a structured way of thinking to frame and organize decision problems such as the evaluation of the reward/risk of an opportunity (Brewer, 1988). According to scholars, one way to support efficient and quick decision-making under ambiguous entrepreneurial situations is by applying heuristic rules-of-thumb (Busenitz & Lau, 1996).

2.4.4 Heuristic Rules-of-Thumb
Heuristics are in other words used for conceptualizing how the entrepreneurs evaluate the potential of opportunities and make decisions, since it explains the way that entrepreneurs develop and apply cognitive models or templates for the opportunity (Wood & Williams, 2014). Heuristics include the development of a series of rules through the, e.g., educational background, daily experiences or interaction with others (Chaiken & Trope, 1999). Bingham, Eisenhardt and Davis (2007) characterise heuristics as simple rules-of-
thumb which “(...) direct attention and facilitate decision-making and organizational action.” (p. 14) in the face of starting and operating a new venture (Manimala, 1992). Heuristics constitute simplifying strategies in the form of effective and efficient decision rules, which are based on the individual's subjective beliefs and opinions (Busenitz & Barney, 1997). The researcher's community argues that a heuristic-based logic allows entrepreneurs to rapidly understand the complexity and uncertainty of certain circumstances (Mitchell et al., 2007). This can easily be illustrated with an example mentioned by Manimala (1992). In order to better understand the logic behind heuristics facilitated as rules-of-thumb, he makes use of an old saying, “Don’t put all your eggs in one basket.” (p. 480), that shows how a heuristic rule-of-thumb can look like. As his example outlines, heuristics can be seen as informal, specific and intuitive guiding principles, which generally help to provide reasonable problem-solving approaches (Tversky & Kahneman, 1974). Whether it is about, e.g., choices regarding marketing, financing, product mix or location, heuristics usually being subject to many decisions of entrepreneurs (Manimala, 1992). Especially when evaluating business opportunities where no complete information is on-hand, heuristics can support the entrepreneur's decision-making. That is because the time frame of evaluating and finally exploiting an opportunity is temporary, which means that entrepreneurs will not be able to have complete information available while evaluating on an opportunity. By implication, a heuristic-based logic helps them to construe the existing information and the feasibility of the opportunity before it is too late to pursue (Busenitz & Lau, 1996). Since it comes down to being able to make quick decisions in such conditions, the incompetence to handle these kinds of uncertain and complex circumstances limit the pace for decision-making in changing business environments (Eisenhardt, 1989). On these grounds, Bingham, Eisenhardt and Furr (2007) indicate that heuristics not only serve as a tool for structural guidance but minimize errors. This, because they give approximate directions for entrepreneurs on how they should handle prospective occurrences. Concurrently, heuristics decreases the time dedicated to learning, which is an unavoidable part of the entrepreneur’s trial-and-error process (Eysenck & Keane, 1995; Bingham, Eisenhardt & Furr, 2007). Furthermore, Busenitz and Barney (1997) suggest that there is a clear link between heuristics and innovativeness.

Researchers of entrepreneurship have in some cases been critical and sceptical of heuristic decision-making aspects. They assume that such means of decision-making may include
factors such as overconfidence or biases that can lead to errors in the entrepreneurial decision-making (Busenitz & Barney, 1997). However, Bryant (2007) and Bingham, Eisenhardt and Furr (2007) could prove with their studies that heuristics may even be used to reduce and not necessarily lead to errors. Furthermore, Bingham, Eisenhardt and Furr (2007) illustrate that heuristics are beneficial tools that can be applied universally as they are “(...) simple, deep, and flexible knowledge structures that underpin capabilities.” (p. 41). Further studies conducted, e.g., by Manimala (1992) and Busenitz and Barney (1997) confirm the importance of entrepreneurial heuristics and their role in the decision-making process of entrepreneurs.

To conclude, this outlaid theoretical framework will serve as a knowledge base, while we strive to analyse the evaluation approaches of the nascent entrepreneurs that ultimately help them to judge and evaluate the attractiveness of a venture idea. This leads us to the methodology, which serves as an essential guide to fulfil our research purpose and to answer our research question.
3. Methodology

In the following chapter, the methodological approach of our thesis will be explained. We will reflect and argue about our choices regarding research philosophy, research approach, research design as well as data collection, data analysis, trustworthiness and ethical considerations. The purpose is to provide insights and present thorough arguments about the different parts of our chosen methodology.

3.1 Research Philosophy

With the purpose of our thesis being to explore how nascent entrepreneurs evaluate the attractiveness of new venture ideas, our philosophical starting point will be social constructivism. Social constructivism puts focus on the way people make sense of their surroundings and their world. The view is that “reality” is socially constructed by individuals, who attach meaning to it when they interact with other individuals or situations (Easterby-Smith et al., 2015). Generally, social constructivism is steadily gaining more attention within the field of entrepreneurship, since scholars believe that viewing entrepreneurial opportunities and processes from this perspective, could lead to new insights and discoveries (Ramoglou & Zyglidopoulos, 2014). In contrast, there is the positivist assumption which is mostly adopted within natural sciences. It suggests that the truth is objective, regardless of perspectives and meanings of social actors (Crossan, 2003). However, we believe that taking into consideration the nature of our purpose, the truth should be viewed rather as subjective and therefore the subjective meanings of social actors should be explored to understand and explain their actions (Saunders et al., 2016). The nascent entrepreneurs are expected to evaluate new venture ideas differently from each other and have different judgments. As a consequence, this may certainly lead to the entrepreneurs perceiving and viewing its attractiveness in various ways, which again relates to the constructivist philosophy, which puts emphasis on the way in which the individual embodies meaning, perception and how they communicate with their surroundings (Keation & Bodie, 2011). Moreover, the philosophical assumptions of positivism and social constructivism have different approaches to data gathering. From a positivistic viewpoint, the researcher would be more detached during the process of data collection, meaning that possibilities of altering the substance of the collected data are
very limited (Easterby-Smith et al., 2015). On the contrary, from a social constructivist approach, the researcher takes into account the environment, context, attitudes, and feelings of the respondents. Thus, we will take into consideration the feelings of the nascent entrepreneurs and aim to be cautious of their reactions during the interview process. As Saunders et al. (2016) suggest, through being flexible, receptive and iterative when asking questions, the researcher can alter and increase the relevance of the gathered data.

3.2 Research Approach

The qualitative and explorative nature of our study involves examining and understanding the approach that the nascent entrepreneurs make use of when evaluating the attractiveness of a new venture idea. To address the deficiency of knowledge regarding the phenomenon of nascent entrepreneurial new venture idea evaluation, we deployed an inductive approach. In the inductive approach, the researcher initially enters the field without appropriate theoretical background and thus aims to build theory, which is based on the emerging empirical data (Maylor & Blackmon, 2016). This is in opposition to the deductive approach, which aims to either verify or falsify a specific hypothesis or rule (Saunders et al., 2009). Miles and Huberman (1994) emphasise the practicality of the inductive approach, primarily when the research aims to better understand the nature of a certain phenomenon.

While following the logic of the inductive approach, we analysed the data and identified common patterns across the cases, which were generalized into aggregate dimensions (Maylor & Blackmon, 2016). In addition, Mantere and Ketokivi (2013) claim that induction is the most appropriate approach when the empirical data leads to theoretical generalization, as a consequence of the coding process.

In other words, our theory was developed inductively (Maxwell, 2008). As Mantere and Ketokivi (2013) also explain, inductive reasoning is a process where the researcher observes a certain phenomenon, explains it and later introduces the rule. Prior to the data collection, we had a general view of the possible theory or rules, which might have been relevant for our study. However, we did not know if they were valid. Thus, we maintained an iterative approach by adding to our theoretical background the relevant theory, which
emerged after the collection of the empirical material, such as the heuristic rules-of-thumb which was a clear emergent empirical finding.

3.3 Research Design

We want to study a sample of nascent entrepreneurs in Sweden, in order to understand how the evaluation is conducted both within each setting and across settings. Therefore, a multiple case study will be conducted. The use of the case study approach is most suitable when the focus of the study is to understand the behaviour of the selected population through asking *how* and *why* questions (Yin, 2003) while at the same time taking into consideration the context in which the studied phenomenon is being explored (Baxter & Jack, 2008). The difference from a single case study is that in multiple case studies, the researcher is studying a number of cases to understand the commonalities and differences between them (Maylor et al., 2016). For instance, the typical procedure of a multiple case study allows replication logic, were each case either confirms or rejects the conclusions drawn from the other cases (Yin, 2009; Bingham & Eisenhardt, 2011).

While designing a multiple case study, it is imperative for the researcher to consider what the unit of analysis within the case is. This can be answered by questions such as *What do I actually want to analyse?*, *The individual or the program?*, *The process or the time aspect?* (Baxter & Jack, 2008). However, as the authors argue, it is equally important to decide what the unit of analysis will not be. They state that one of the most common mistakes in case studies is that researchers tend to answer a question which is too broad or one which has too many objectives. Nonetheless, studying the evolution and changes of the NE evaluation over time and thus making a longitudinal study, is irrelevant for this thesis. Furthermore, the focus will neither be on how past personal events may have impacted their evaluation of the attractiveness of new venture ideas. The focus of this study and the unit of analysis will be the individual nascent entrepreneur herself. In other words, we are interested in how the individual NE evaluate the attractiveness of new venture ideas when they are eventually identified.

In any case, the empirical analysis may likely lead to new findings and insights, which will increase our understanding of the field and lead to the emergence of new theory. The multiple case study approach has both advantages and disadvantages. Multiple case studies can be very time consuming, expensive to conduct (Gustafsson, 2017) and in
contrast to single case studies, they may not provide the same depth of understanding or time dedicated to studying each case (Dyer & Wikins, 1991). Nevertheless, the primary advantage is that it can lead to a broader exploration of a particular field (Eisenhardt & Graebner, 2007) and provide important influences to the literature (Vannoni, 2014;2015). Furthermore, it increases the reliability of the study, since the data is grounded in a plurality of empirical evidence (Gustafsson, 2017).

3.4 Data Collection and Sampling Method

Face-to-face semi-structured interviews were conducted and considered as most suitable for primary data collection, since they allow for an in-depth exploration of a certain field or phenomenon (Charmaz, 2014). Furthermore, semi-structured interviews give the researcher more confidentiality and flexibility, as the responses of the interviewees have a tendency to be more personal (Easterby-Smith et al., 2015). The participants were selected based on the theoretical definition of nascent entrepreneurs, meaning that they had to show serious intentions to start a new venture and have already taken some entrepreneurial activity which potentially leads to the creation of a new venture, such as participation in accelerator programs. It is crucial to mention that all the participants have earlier participated in accelerator programs in Sweden and are currently residents of Sweden, but have yet not taken the step to start the business, which makes them a perfect fit for our study. The age of nascent entrepreneurs varies between 21 to 28 years old, and all of them have a formal education within the field of business management.

The length of the initial interviews was in average 35 minutes, whereas the follow-up interviews lasted on average 17 minutes. A major focus was also put on informed consent, where the participants were ensured about the total anonymity and confidentiality. Moreover, they were informed before the data collection, about the purpose of this thesis and their role in it, both through email and personal meetings. We sent the interview guide to the participants prior to the interviews, for them to feel comfortable, informed and prepared during the interviews. The initial interviews were all conducted at booked rooms at the university campus in a variety of dates as seen on Table 3. Conducting the interviews in rooms where there was no disturbance concerning noises or the presence of other people, helped the participants to feel more safe, private and comfortable in answering the questions. The participants were asked for our allowance to record the
interviews, in order to later transcribe and analyse them. Fortunately, all the participants were in acceptance and had a positive attitude. One crucial aspect of this thesis is the sampling size. According to Maylor et al., (2016) a satisfying number of cases should be between two and eight case studies. However, having a focus on increasing the credibility of the thesis, we have selected and analysed ten cases. Certainly, contacting and arranging the interviews, as well as analysing all the empirical data was time and energy consuming, but we felt it was worth the effort for the sake of the quality of our study. We considered conducting face-to-face interviews as a crucial part of the thesis and certainly a must since they help build interpersonal rapport, make it possible to react and take into account the respondents’ mimics and gestures. Considering our constructivist point of view, monitoring the respondents’ reactions and tone of voice further deepens our understanding and comprehension of their responses. Meeting in person also led to a positive atmosphere and a more relaxed communication. In addition to the primary data collected through semi-structured face-to-face interviews, we also engaged in a literature review.
The literature review was conducted through initially searching for the relevant literature through Web of Science, Google Scholar and the University Database, where keywords such as types of entrepreneurs, new idea evaluation, opportunity evaluation, nascent entrepreneur, nascent entrepreneurship, idea attractiveness, new venture emergence, heuristic rules-of-thumb, heuristics, entrepreneurial decision-making, entrepreneurial judgment, entrepreneurial cognition, entrepreneurial process were used. We further used Boolean operators as a funnel approach where we searched for, e.g., nascent

<table>
<thead>
<tr>
<th>Nascent Entrepreneurs</th>
<th>Location</th>
<th>Date</th>
<th>Age</th>
<th>Interview Type</th>
<th>Length of Initial Interview</th>
<th>Length of follow-up Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nascent Entrepreneur 1</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-19</td>
<td>23</td>
<td>Face-to-Face</td>
<td>28 minutes</td>
<td>20 minutes</td>
</tr>
<tr>
<td>Nascent Entrepreneur 2</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-06</td>
<td>28</td>
<td>Face-to-Face</td>
<td>29 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 3</td>
<td>Borås Västra Götaland</td>
<td>2018-04-20</td>
<td>26</td>
<td>Face-to-Face</td>
<td>32 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 4</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-17</td>
<td>26</td>
<td>Face-to-Face</td>
<td>35 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 5</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-05</td>
<td>25</td>
<td>Face-to-Face</td>
<td>37 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 6</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-13</td>
<td>26</td>
<td>Face-to-Face</td>
<td>41 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 7</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-13</td>
<td>24</td>
<td>Face-to-Face</td>
<td>31 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 8</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-06</td>
<td>26</td>
<td>Face-to-Face</td>
<td>32 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 9</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-05</td>
<td>21</td>
<td>Face-to-Face</td>
<td>33 minutes</td>
<td></td>
</tr>
<tr>
<td>Nascent Entrepreneur 10</td>
<td>Jönköpings län Sweden</td>
<td>2018-04-04</td>
<td>26</td>
<td>Face-to-Face</td>
<td>40 minutes</td>
<td>15 minutes</td>
</tr>
</tbody>
</table>

Table 3: Conducted Interviews; Source: own
entrepreneurs AND opportunity evaluation, opportunity evaluation AND heuristics, nascent entrepreneurs OR nascent entrepreneurship. As a product of our search procedure, we selected 80 relevant results, divided in 70 peer-reviewed articles and ten books. We further put a major focus on selecting peer-reviewed articles with impact factors of above 2.0 and had a high number of citations. During the collection of the literature, the snowballing approach was eventually used, where the analysed articles led to other relevant articles. Having selected the literature, we organized the articles in an excel sheet where the central themes, abstract, findings, authors, date, type of journal, methodology and other details were presented and read by both authors.

3.5 Data Analysis Procedure

The initial action for our data analysis included analysing and comparing the transcripts of the interviews, using the memos that were taken during the interviews. Memoing, which refers to written notes taken by the researcher in order to archive and analyse the codes (Saldana, 2009), was conducted individually by each author.¹ This, to increase the reliability of the collected empirical data, since the observation of the interviewees may have differed between the authors and a comparison between the memos was considered as necessary. These memos also included general impressions, reactions, and behaviours of the participants. We further analysed their facial expressions during the interviews, reflected upon their meanings and discussed how those could affect the credibility of the empirical data. For instance, if the interviewee was perceived by us as looking confused, we simplified or moderated the question. Moreover, if the interviewee sounded doubtful when providing the answer, we made follow-up questions to ensure a more credible answer. Considering the qualitative nature of this thesis, the analysis of data was initiated already at the data collection stage.

We engaged in a within-case analysis of each case (Maylor et al., 2016). After having a profound understanding of each case, the analytical process was followed by a cross-case analysis, where we looked for common patterns and differences across the cases. Our empirical data were summarized into codes, which are short words that describe the

¹ The process of memoing was inspired by the grounded theory approach.
meaning of a chunk of data (Saldana, 2009). The process of coding was also conducted separately by each author and compared, to get different perceptions and views of the empirical data, leading to the triangulation of the data which certainly contributes to the credibility of the study (Easterby-Smith et al., 2015).

The comparison and analysis of the codes within the cases led to the creation of different themes, which in turn initiated the creation of aggregate dimensions. More concretely we followed the process suggested by Gioia, Corley and Hamilton (2013). We initiated our coding process by turning our transcripts from the interviews into first-order concepts. We designated the sentences or statements from our empirical data with relatively short explanatory phrases such as “The most important rule is that I must love the idea.”. In the next step, we started to make associations between the first-order codes to thereby establish categories or second-order themes into more conceptual or more general levels, such as “Love and positive emotional attachment to the idea”. In the last step, we linked these second-order themes into aggregate dimensions that emerged such as “Passion” or “Monetary Incentives”. Figure 1 below shows the process for one of the aggregate dimensions, namely passion. However, Appendix 2 summarizes the process for all the aggregate dimensions.

![Figure 1: The Coding Process; Source: own](image-url)
This procedure helps the researcher to compare the data across the cases, to modify or add categories and perhaps change the codes as additional empirical data is collected (Basit, 2003). Once the most compelling codes and categories were settled, we engaged in a process called secondary cycle coding or focused coding (Easterby-Smith et al., 2015). In other words, we went back to scan the original codes which were constructed by the empirical data and compared them once again, in order to do a more in-depth analysis of the codes and create a number of more focused codes. In the next step of the procedure, the categories or the remarks/textual data within the categories where cross-compared across the cases to find and analyse the commonalities and variations between them.

3.6 Trustworthiness

Our aim is to provide a thesis characterized by high quality. Thus, we deploy Guba’s criteria of what constructs trustworthiness in a study. Although some authors suggest that the field of trustworthiness is still growing and being defined, the constructs of Guba are still applied by a wide range of researchers (Shenton, 2004). These criteria include credibility, transferability, dependability, and confirmability.

Credibility is concerned in the trustworthiness of the empirical findings and seeks to make sure that the study investigates what has been intended. It mainly deals with the question like How consisting or in line are the empirical findings with the reality? (Merriam, 1998). In order to achieve credibility, we reflected upon the selection of our sampling unit and engaged in a thorough discussion whether they fall into the theoretical definition of nascent entrepreneurs. We confirmed it by engaging in “in-person” conversations where they described themselves and their background, before actually selecting them as participants. Furthermore, we remained reflexive throughout the study by taking into account the constructivist approach of our study and thus valuing the different perspectives and viewpoints of the NE, while remaining unbiased. We recorded all the interviews in order to re-confirm the statements and analysed the results separately, which leads to the data triangulation since we use different perspectives and individual methods to interpret the data. We also conducted two follow-up interviews, which was another
contributing factor that ensured the credibility of the study since they contributed with more sensitive information later at the process, then in the beginning (Krefting, 1991).

*Transferability* refers to the extent to which the findings can be transferred or generalized to other contexts or settings (Elo et al., 2014). We aim at ensuring transferability through providing a thorough theoretical definition of nascent entrepreneurs and outlaying our criteria for selecting them as interview participants, which again is based on the theoretical considerations. Even though each unit of analysis has her own unique characteristics, we outlay the common denominators of all the units of analysis explained in the data collection section.

*Dependability* refers to the detailed and clear rapport of how the study was conducted, making it possible for a future researcher to duplicate or repeat the study (Graneheim & Lundman, 2004). We address this criterion by having a clear and comprehensive description of the methodology, while at the same time reflecting upon and having a critical outlook on our chosen methods. Besides, we continuously argue how the chosen methods help us fulfil the purpose of the study and what their disadvantages may be. In other words, we avoid being biased or emotionally attached to our choices. Instead we present our objective arguments and perspectives for the reader to get a full individual understanding and comprehension of the study as a whole.

*Confirmability* refers to ensuring that the empirical findings are related and specific to the experiences and explanations of the participants or the empirical data, rather than by the preferences or influences of the researcher (Lincoln & Guba, 1985). We engage in data triangulation by using the different perspectives of both researchers throughout the whole process of data collection and data analysis. In other words, we focused on converging different perspectives which ultimately result in a bilateral confirmation of the empirical data (Krefting, 1991).

### 3.7 Ethical Considerations

Making sure that ethical considerations are prioritized and applied is a critical aspect of our thesis. Concerns related to research ethics have grown significantly during the last
decade (Saunders et al., 2016). We believe that when the ethical aspects are applied and when the researchers engage in ethical behaviour, the general quality of the thesis increases dramatically. During our study, we have put a great emphasis on ethics during the whole research process from gaining access, data collection, data storage, data findings and data analysis. As a reference, we followed the key principles of research ethics explained by Easterby-Smith et al. (2015). Early in the research process, the participants were very honestly informed about the purpose of the study, their role in it and how the collected data will be used, which ensured the informed consent and thorough transparency. Further, by genuinely explaining the aim and nature of the research, we avoided any deception of participants. We did it by having our first meeting with them in person, where they could feel more comfortable and also have the opportunity to ask additional questions. We further ensured their total anonymity and confidentiality by not mentioning their names in the study or to other people. We also sent the participants the questions beforehand to make them feel comfortable and to confirm that the research questions are in line with the purpose of the study. The recorded interviews and the interview transcripts were stored on our own computers where the risks of outside hacking or even stealing of information were minimized. During the interviews, we ensured the participants that they were free to withdraw from the research process at any stage and gave them the option to avoid answering a specific question which may have created discomfort. The participants were further guaranteed to get full access to the completed research before it was released to the public, which is an opportunity for them to confirm our ethical promises made from the start.
4. Empirical Findings

In the following chapter, we will present the empirical findings gathered by conducting interviews with the nascent entrepreneurs. Every case description will be initiated with relevant background information. Thereafter, we will outlay the findings related to the NE approaches upon evaluating new venture ideas and their characterizations in regard to the attractiveness of those ideas. Thereby, the emerging aggregate dimensions across the cases will be highlighted.

4.1 Nascent Entrepreneur (1)

4.1.1 Background

Nascent entrepreneur (1) has a bachelor's degree in industrial engineering from the University of Borås in Sweden. Currently he is working in the retail business as a marketing controller, where his job is to analyse the company campaigns and to monitor the products that have the largest demand. Other activities may include finding additional revenue streams and conducting general market research.

The interest in entrepreneurship was born during the university studies, where he attended a course in the field of entrepreneurship. He explains the experience of the course as:

“It made me realize that entrepreneurship is really about freedom and striving to realize my own ideas. It meant having great responsibility, which is a driving factor for me. It made me realize that the success of the venture is ultimately in my hands.”

After having attended the course, he showed interest in participating in an accelerator program, undertaking his first real entrepreneurial activity. During the accelerator program, he learned about validating the business model, pitching and discussing the ideas with potential customers. There was also a need to examine whether the business model was sustainable or if it needed to be changed:
“I viewed the program as a great opportunity to learn from others and as an attractive first step, before eventually launching my own venture.”

4.1.2 Evaluation Approach of New Venture Idea Attractiveness

After the idea has been identified, the NE (1) engages in evaluation. He views the evaluation as an essential step in deciding whether the idea is attractive enough for being pursued and potentially leading to the launch of the new venture. Upon evaluating the idea, he does not use any detailed or complex processes. This, because he does not believe in spending great amounts of time, using mental tactics or advanced judgment methods when evaluating. However, estimations and assumptions about the future are not unusual. What’s more, visualizations of future states are also applied, which affect his emotional state in a positive way:

“I use estimations or assumptions; I try to picture where I will be 2-5 years from now, if I take certain actions today. However, in the beginning it would be much harder to make assumptions or estimations because of lack of historical information.”

NE (1) concludes that the evaluation changes continuously throughout time. He argues that the further one is into the lifecycle of the firm, the more structured the evaluation approach needs to be. In addition, he claims that when evaluating the new idea attractiveness, the element of gut-feeling is certainly present. The gut-feeling is considered as a type of temporary emotion that emerges when he evaluates the idea, which influences his perception of the attractiveness. However, the most common approach NE (1) believes in and uses most often, is to apply the rules-of-thumb evaluation, where he evaluates the attractiveness of the new venture idea based on personal rules:

“Rules-of-thumb are very effective and time-efficient in the face of so many unknowns.”

4.1.3 Heuristic Rules-of-Thumb

NE (1) claims that the use of rules-of-thumb to evaluate the attractiveness of new venture ideas, is the most preferred and applied approach. However, he adds that this approach may not necessarily happen under conscious conditions:
“I guess I use rule-of-thumb, but I do not think of how I use them consciously. These rules-of-thumb may change depending on the type of the business idea and how I am feeling at the time. I am certain that my rule-of-thumb may be a lot different, four years from now.”

Accordingly, NE (1) further elaborates on the variety of rules-of-thumb which he utilizes. He asserts that the first rule used to consider whether the new idea is attractive, is that it must involve monetary incentives. In other words, the idea should lead to profits to ensure the long-term sustainability and survival prospects of the venture. Moreover, other rules include having the right resources, which may vary between the ideas. These resources may include having the necessary human capital, with competences that complete those of the NE (1). In addition, he prefers to have some personal knowledge or relevant experience in that industry.

Another rule which was considered crucial for the idea, was to identify a certain market potential:

“It is equally crucial to have a market demand, which my idea can utilize. It does not have to be ground-breaking or create a total new market, but it still has to offer something of value.”

NE (1) adds that he will never have all the information and knowledge needed to pursue the idea. The use of rules-of-thumb is considered as greatly helpful, especially in lack of prior experience of a start-up company. He argues that they help avoid overthinking, save time and initiate the process of new venture launch:

“Later however, I can certainly iterate and consider other more relevant or up-to-date rules-of-thumb.”
4.2 Nascent Entrepreneur (2)

4.2.1 Background

Nascent entrepreneur (2) has a bachelor’s degree in engineering economics. Currently he is studying a master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. He has earlier conducted two internships in the automotive industry and is currently showing strong interest of starting his own venture after completing the studies.

The interest in entrepreneurship comes from the need to work on own ideas, projects and to see how they grow. The need for feeling a sense of freedom and creativity is apparent:

“I do not prefer to follow guidelines or rules that may limit my creativity.”

During the master programme, NE (2) undertook entrepreneurial activities by participating in an accelerator programme. The programme was considered as a favourable opportunity to get feedback on his ideas from knowledgeable people. At the same time, the programme led to the creation of a minimum viable product, which was also one of the key activities:

“The human resources of the accelerator programme were great assets for me. They gave me motivation and helped me with formulating the business idea in a proper way”.

4.2.2 Evaluation Approach of New Venture Idea Attractiveness

After having identified the idea, NE (2) evaluates its attractiveness. In the context of evaluation, the prior knowledge is considered as the most important factor. Upon evaluating, he searches within his memory to find valuable knowledge that can be applied to judge the idea attractiveness. However, the general evaluation approach is considered as more negative or pessimistic than positive:

“In this regard, I would consider myself as a negative person. I come up with more reasons why a certain idea won’t be successful, rather than why it could be successful.”
Furthermore, NE (2) states that one imperative element of evaluation are the assumptions. He divides them into personal assumptions and assumptions of other relevant people. The most important assumption is that if the NE (2) himself would not pay for the idea, then it would be highly unlikely that other people would pay for it, as he claims. In addition, he values and uses the assumptions of people within his social network. He later tests these assumptions by talking and consulting with potential customers:

“I first turn to friends to see if we have same assumptions and try to have discussions. Later, I talk to potential customers to test if my assumptions are correct.”

The NE (2) does not regard his evaluation approach as systematic, but more emotional. He explains that the evaluation approach is not necessary a rational one, but more reliant on gut-feelings. Consequently, he uses estimations of the future. These estimations are not made in in the earliest stages of the venture creation. However, later upon launching the new venture, estimations of where the business will be 3-5 years into the future are assuredly applied. NE (2) emphasizes the fact that he personally is in a very early stage of the entrepreneurial process and thus is yet not aware of which evaluation approach is the most efficient. He further claims that:

“When I really love the idea, and have positive emotions about it, the chances of continuing with it even through tough times, increases a lot.”

In any case, the evident and most continuous approach when evaluating the attractiveness of a new venture idea, is by thinking of several criteria or rules that NE (2) considers as important guiding principles. These are however made unconsciously as he states:

“I use rules-of-thumb to evaluate, but I may not always know that I use of them.”

4.2.3 Heuristic Rules-of-Thumb

Nascent entrepreneur (2) mentions that he has a number of guiding rules or as he calls them criteria, which he uses in order to judge and evaluate whether an idea is attractive
enough to be pursued. The first and most crucial rule is that the new venture idea should be able to generate a considerable amount of money. In other words, **monetary incentives** are the most critical elements of the attractiveness for him. Secondly, there must be **passion** related to the idea, which largely affects his drive. Even though the new venture idea might have lucrative monetary incentives, without the passion NE (2) would not pursue it:

“The more I like the idea, the less money I would demand from it. If I do not love what I am doing, I would rather consider working as an employee for a corporate.”

In addition, NE (2) highlights the fact that the bigger the passion is for the idea, the bigger is the likelihood of perseverance even through tough times, which eventually may occur. Lastly, he puts emphasis on the importance of having a **market potential** for the idea. This would increase the chances of the inflow of money. He considers that if the idea has market potential, it can most likely lead to revenue streams:

“When I really love the idea, and have positive emotions about it, I am sure that sooner or later I will be able to find revenue streams.”
4.3 Nascent Entrepreneur (3)

4.3.1 Background
Nascent entrepreneur (3) has a bachelor’s degree in business marketing. He is currently studying the master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. Throughout his career, he has worked in different countries in a variety of industries, from warehouses to construction.

The enthusiasm in entrepreneurship for NE (3) comes from within. He argues that he sees entrepreneurship as a means of freedom by doing something that one is passionate about and has control over:

“I believe that it comes down to what direction you want in your life. For me, doing my own thing is about freedom.”

During the first year of the master’s programme, he decided to be a part of an accelerator programme. The reason behind the interest was the opportunity to have a personal mentor that would guide and support him with his idea. In addition, there were also other human resources available with immense business experience that helped his endeavour:

“During the programme I generated ideas, created prototypes, worked on my business model, talked to customers and pitched my ideas to investors.”

4.3.2 Evaluation Approach of New Venture Idea Attractiveness
The NE (3) explains his evaluation approach as an interplay with other people. In other words, he suggests that as a start, he makes general assessments of the idea by asking other people if they consider the idea as attractive and whether they can see a clear need in the market. In other words, the evaluation approach is not exclusively individual. The type of people who are part of evaluation may include: potential customers, suppliers, mentors and different focus groups. The primary goal of this approach is to validate the idea and the business model:
“Evaluating the attractiveness of a venture idea without prior experience can be hard, that is the main reason why discussing it with other people who may have more knowledge is so important.”

Another apparent evaluation approach is the use of mental visualizations. NE (3) elaborates that he visualizes very frequently about where he and his potential venture may be in the future, but does not always get a concrete plan on the paper. This, according to him would be helpful. In addition, another approach to evaluate the attractiveness of the idea is through online research, where he analyses the competitor’s businesses, overall trends and conducts research of the relevant industry. This, with the purpose of obtaining a general outlook and world view. NE (3) states that he has no prior experience of a start-up and thus no reference points to an earlier endeavour:

“Since I lack prior experience, I would utilize my knowledge gathered here at the university in order to evaluate new ideas.”

Lastly, the NE (3) stresses the importance of a more personal approach to evaluation, namely the use of as he calls Heuristic Rules-of-Thumb. NE (3) was aware of the existence of rules-of-thumb, however did not actively think of the degree to which he uses them, but still considers them as very effective.

4.3.3 Heuristic Rules-of-Thumb

According to NE (3), the use of rules-of-thumb has great advantages, upon evaluating the attractiveness of new venture ideas:

“Rules-of-thumb are very fast and simple to use, especially when one needs to act quickly and not lose time.”

The initial rule-of-thumb is the passion for the idea. According to NE (3), there has to be some personal interest linked to the idea. Furthermore, it is crucial that the new venture is in line with his personal values and principles. The new idea should bring value to the
people who may be affected and to the world, otherwise he does not see a reason to pursue it:

“Apart from the rules, what you do and how you do it, should be in line with your personal values.”

Besides the personal interest, the following rule-of-thumb is having the resources needed to successfully launch the venture. According to NE (3), these resources may vary depending on the type of business. However, he considers it as imperative:

“Knowing what kind of resources, you have and what you can do with them. I do not have on set of standard resources, since they may depend a lot on the nature of the business.”

NE (3) adds that without the use of rules-of-thumb, he would feel himself lost and would probably regret the launch of the business. He puts emphasis on critically thinking about these rules and analysing what those would mean for the venture. Lastly, the NE (3) highlights the importance of the idea having market potential. He states that research should be conducted in order to confirm whether the idea really satisfies a need in the market:

“I need to make sure that the idea is fitting somewhere in the market.”
4.4 Nascent Entrepreneur (4)

4.4.1 Background

Nascent entrepreneur (4) has a bachelor’s degree in international business. He is currently studying the master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. He has earlier studied in Hong Kong as an exchange student and has work experience within sales.

Entrepreneurship according to NE (4), is about being independent and having enough freedom to do what you love. He states that when you are the founder of your own firm, you can be more in control of your life and have charge over your personal faith:

“It is really about following your passion. In a corporate setting, you will simply be a cogwheel in a big machine.”

During the studies in his master programme, he decided to be a part of an accelerator programme. The primary reason behind the participation was the will to make the idea more concrete, conceptualize it and have the possibility to pitch it in front of a jury. Further, NE (4) stated that he had access to other entrepreneurs and experienced people who provided valuable feedback.

4.4.2 Evaluation Approach of New Venture Idea Attractiveness

NE (4) outlays his evaluation approach as considerably reliant on prior knowledge. In other words, upon evaluating its attractiveness, he searches within his mind for existing knowledge that ultimately might help his judgment. He asserts that it is highly preferable to prioritize an idea about which he has some experience or knowledge, in order to significantly reduce the risk of failure:

“For me personally, going into something in which I have no knowledge about, would be extremely risky.”
Apart from prior knowledge, another evaluation approach NE (4) applies is by turning to his social network, in order to obtain practical feedback. The opinion of the social network regarding the idea, has an immense subconscious effect on NE (4):

“Subconsciously, what my family and friends think about the idea affects me greatly.”

One of the ways this approach was applied in regard to an idea, was through sending out surveys to relevant people within his social network. The purpose was to validate the different assumptions and see if there actually was an existing need in the market. Assessment for the future plays also a major role in the evaluation approach for NE (4). He puts major emphasis on being able to learn and get prepared for the future trends of the market, to see where it is heading. In this regard, mental visualizations are also used by imagining a future picture of where the potential venture will be:

“Positive visualizations about the future, do give me a kick, in case I can see that my idea can fit the future trend.”

However, besides having a general evaluation approach, NE (4) takes into the consideration a number of criteria upon evaluating whether the idea is attractive or not:

“You could say I use certain rules or criteria, which assist me in my evaluation.”

4.4.3 Heuristic Rules-of-Thumb
Different rules-of-thumb are used by the NE (4) depending on his emotional state at that time. As he explains:

“I have a general set of standard rules-of-thumb. However, these may change based on where I am in life.”

The first and most important rule which makes an idea attractive is that it has to be in line with NE (4) passion. The passion as he considers is a product of the idea matching with his own interests and beliefs. He explains that when the passion is strong, the effort put
in order to make the venture successful, will increase significantly. NE (4) further underlines that the monetary incentives are not a priority, but passion certainly is. He adds that if he has enough passion for the idea, sooner or later he will be able to create revenue streams.

Moreover, another important rule is the ability of the idea to produce revenue streams. In other words, there have to be some monetary incentives for the idea to appear attractive:

“I would prefer to have a revenue stream, since I want to be able to make a living out of my venture.”

One other rule mentioned, is the feasibility of the idea. The importance of this rule is reflected on his participation on the accelerator programme, which was largely about conducting interviews and gathering knowledge whether the idea is valid and whether it could be conceptualized.

Lastly, NE (4) puts focus on following the market and identifying a market potential. He states that it is preferable for him to analyse the future market trends and ultimately fulfil a need:

“I would like to learn about where the market is moving and see if I can follow the market. If I can see that my business idea can fit the trend, that would be great.”
4.5 Nascent Entrepreneur (5)

4.5.1 Background

Nascent entrepreneur (5) is currently studying international management in bachelor’s level at Jönköping International Business School. Earlier in his career, he has worked within project management within the retail industry. He is currently showing strong ambitions to start a venture in the near future.

Entrepreneurship for him is a symbol for creativity. He adores the possibility of creating a team and working together towards a common cause or vision. He considers the possibility of working with new ideas as:

“*I see myself as a person who constantly comes up with new ideas. Working with new ideas and bringing them to life gives me joy.*”

The passion for creativity and new idea output led to the participation in the accelerator programme. He considered the programme as a chance to build up the business model and identify the revenue streams, cost structures and build a MVP. The overall experience of the program is described as:

“*It was an important undertaking by me. I had the chance to meet competent business developers and also pitch in front of a jury.*”

4.5.2 Evaluation Approach of New Venture Idea Attractiveness

NE (5) defines his approach upon evaluating the attractiveness of new venture ideas as profoundly reliant on his network. More specifically, he believes in discussing his ideas with other people, to gather as much fruitful feedback as possible. The opinions of his network which may include, e.g., friends, family, colleagues and other relevant people, have an immense impact on his feelings towards the attractiveness of the idea:

“*I discuss the ideas with them a lot, in order to understand how they are thinking.*”
In addition, another element that is evident is the use of visualizations. NE (5) claims that he usually draws the future of the venture or the business model on the whiteboard, which gives him great emotional pleasure:

“By visualizing the forthcoming of the business, I can translate what I see in my mind into small actions, which makes the idea get more concrete.”

However, he argues that planning or spending extensive time on evaluating the attractiveness of the idea is not considered optimal. Rather, he believes in learning by doing:

“I believe in starting right away and later observing how things play out. I also think that iterating during the process is important.”

Finally, NE (5) underlines the more personal evaluation approach, namely by using a set of standard criteria or rules that serve as evaluation tools:

“I guess I would call them rules-of-thumb. These enable me to start the process of venture creation right away.”

### 4.5.3 Heuristic Rules-of-Thumb

The rules-of-thumb are considered as a major part of the evaluation approach of NE (5). The first and most important rule is the **passion**. He emphasises the fact that there has to be some personal connection to the idea, for it to be attractive:

“Whenever I feel that I do not love it one hundred percent, I will not be committed.”

The following rule in the hierarchy is about having the right **resources**. NE (5) believes that the resources turn the idea into reality. Initially, he seeks to ensure the building of a competent team. This is achieved through finding people with different skills and knowledge within the relevant industry that complete him. In later stages, he values having financial resources that potentially enable venture survival and venture growth.
Even though the resources are considered as a crucial rule-of-thumb, NE (5) states that in the early stages of the venture, they might be limiting:

“If you have a lot of resources, this may decrease the innovativeness of the firm. Since in lack of resources, you may be forced to think of tactics to do things in a better way.”

He concludes that in fact it is equally crucial to be resourceful. It is not always positive to have the desired resources, without knowing how to utilize them to the benefit of the venture. According to NE (5), these rules-of-thumb are part of a hierarchy, with passion being at the top. The hierarchy of the rules is always constant, regardless of the new venture idea.

He adds that another essential rule is having social network confirmation. In other words, what other relevant people think of the idea, has a great impact on how NE (5) assesses its attractiveness:

“If the majority of people think the idea is not attractive, then I will definitely not pursue it.”

Finally, making sure that there is a market potential for his idea is regarded as imperative. NE (5) screens and analyses the market to identify current offerings and obtain a general view of the competition. He was to be ensured that there in fact is a need for his potential idea:

“I look if there is something like my idea. I want to make sure and really prove that there is a need out there for my offering.”
4.6 Nascent Entrepreneur (6)

4.6.1 Background

Nascent entrepreneur (6) has a dual bachelor’s degree in retail management and is currently studying a master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. During her studies, NE (6) gained practical experiences while working for a market research company and doing an internship for a big automaker.

NE (6) interests in becoming an entrepreneur arise from her past practical experiences. She states that being a tiny part of an established company, does not fulfil her life. This, because the feeling of creating real value for someone is not satisfied by working for someone else:

“I felt like what I was doing in the company did not make any personal sense. I really realized that I want to be able to wake up and go to work, knowing that I do something that has a specific outcome and purpose.”

That is why NE (6) participated in an accelerator programme, since she had an idea that she really believed in. She wanted to find out how far she can develop her concept within eight weeks, with professional help in order to figure out how feasible the idea is:

“There were a lot of processes that were really interesting for me. I worked together with coders and developed a prototype, while at the same time having a personal mentor who helped me along the programme.”

4.6.2 Evaluation Approach of New Venture Idea Attractiveness

Upon evaluating a new idea, the very first step NE (6) undertakes, is to put herself in the position of a potential customer and determine if she would be interested in her own solution. She believes that if she can consider herself as a customer of their own product or service, it is easier to assess if the idea is attractive. This fact increases her belief in the idea. However, the idea should be related to her experience or background:
“I think I would have problems to develop an idea where I have no relevant competence.”

The evaluation approach of NE (6) also consists of visualizing the big picture of the idea. She imagines how the developed solution could look like and how customers could benefit from it. Thereby, she perceives the visualization part as very important as it helps to get more excited and motivated about the idea:

“If I am able to imagine it in this way, it does not feel so far away from me.”

Additionally, NE (6) conducts some online research while using different word combinations to find out if the idea is already existing and what the market is offering so far:

“I use Google in order to find out if the idea already exists and how many competitors are in the market.”

What’s more, NE (6) gets considerably affected by the opinion of her social network about her venture idea. It motivates her when her friends or family are convinced about the idea. However, she is very careful whom she asks as she states that she easily gets discouraged by negative feedback.

“When I have an idea for solving a problem, I talk to my friends and family and see if they face similar problems.”

Finally, one additional approach which was evident in the case of NA (6) was the use of personal rules.

4.6.3 Heuristic Rules-of-Thumb

NE (6) mentions that she uses certain rules-of-thumb in order to judge the attractiveness of a certain venture idea. One of the most fundamental rules she considers, is her passion related to the idea. She does not feel a personal connection to it, if the solution does not relate her own needs and does not provide added value for other people:
“I would never solve a problem or go for an opportunity, when I am not interested in it. I just cannot be so dedicated when there is no personal attachment and benefit for others.”

Additionally, NE (6) applies another rule, which is linked with the market potential. She asserts that it is essential for her to talk to potential customers and share her proposed solution with them, to find out if they face the same problem and if she wants to further develop her idea. Further, she tries to ascertain if her idea is filling a gap in the market. If she sees that the idea is already existing, she may lose her interest in pursuing it:

“I always look at the market in order to find out if there already is a lot of competition. I want to find out if my idea is special in a way. Doing research and talking to potential customers who might have faced the same problem, are my key activities.”

What’s more, NE (6) puts major emphasize on whether her network considers the idea as attractive or not. For her to personally view it as attractive, she must have social network confirmation of her, e.g., family or friends.

“I tend to get demotivated if my personal network does not see value in my idea. Then my big picture falls apart and it is very likely that I stop thinking about it.”

Finally, NE (6) outlays another imperative rule, namely having the required resources. It starts with analysing whether her own knowledge and skills are relevant for the idea. Likewise, she investigates if she can get access to another people's expertise:

“I really have to fully dedicate myself to the idea and hence I want to find the perfect partners. If I have the impression that this seems too far away and that I do not have access to certain resources, I will most likely drop the idea.”
4.7 Nascent Entrepreneur (7)

4.7.1 Background

Nascent entrepreneur (7) holds a bachelor degree in retail management. He attained some practical experience during his bachelor studies and is now studying a full-time master programme in Strategic Entrepreneurship at the Jönköping International Business School in Sweden.

NE (7) enjoys to work with and have different tasks, which is the reason why he sees himself as a future entrepreneur. It is not his intention in life to work for someone else, because he asserts that you are just a small part in a big environment where you do not really see your own results:

“I want to start my own company, decide on my own, be my own boss and directly see the results from my work.”

During an eight-week accelerator programme, NE (7) could further develop a business idea, which he identified during his master studies. He states that he was able to identify some key indicators while trying to prototype the first concept and pitching it in front of potential investors:

“Even if I did not come up with a working algorithm for the platform, I was able to test and validate different assumptions and structures of the concept.”

4.7.2 Evaluation Approach of New Venture Idea Attractiveness

After NE (7) identifies a new venture idea, he immediately starts to do some research on the web as an evaluation approach. For him, it is essential to get more in-depth knowledge in order to understand the circumstances. Furthermore, his evaluation is remarkably characterized by taking numbers (e.g. market size) into consideration. He describes himself as a number driven person who needs to back up the idea with figures:

“I always go for numbers because these numbers came from somewhere - it is an evidence for me.”
During the evaluation process, NE (7) does not talk to a lot of people. His closest friends and experts within the field of his idea are a sole exception to this rule, since he highly values their opinions. He adds that their feedback is helpful during the evaluation and supports him to back the idea up.

So far, the NE (7) has at least not consciously used visualization techniques during the assessment process. However, he states that he wants to use it more often in the future as it is a potential vital tool that motivates him and assists in goal setting:

“I think it is super important to see where I am now and where I want to be in the future. Next time I have an idea, I will definitely use more visualizations.”

NE (7) emphasizes that it is not a requirement for him to have the competences or experiences when pursuing a venture idea. He does not necessarily reject an idea, if he does not possess the necessary skills in the early beginning:

“From experience, I really can tell that when you are really passionate about the idea, building up the knowledge is quite simple these days. Passion is more important than having the skills from the beginning on. Knowledge will come, when you are really passionate about the idea.”

While assessing and backing up a new venture idea, NE (7) follows some rules-of-thumb that he considers as fundamental in his evaluation.

4.7.3 Heuristic Rules-of-Thumb
Firstly, he states that his passion about the idea is crucial and the main starting point. He feels passionate about an idea, when it solves a problem he personally faces.

“I think a venture idea is first attracting to me when I want to solve a problem that I personally face. Then I really want to tackle it and develop a solution.”
Thereby, he assesses if he can identify a certain market potential, where he sees a clear demand and is able to solve problem for other people. By the same token, he indicates that his evaluation of a venture idea is highly reliant on monetary incentives:

“You definitely want to make money with your idea, which is of course the main goal. You want to reach as many people as possible and meet high demands.”

The NE (7) also emphasizes the importance of having access to resources, e.g., financial and human resources. Especially, when he has an idea that requires some time to be developed and where he cannot initiate quick sales, financial support is then crucial. He further claims that having access to the right people in order to build an entrepreneurial team around the idea, is a key element while evaluating:

“Especially when you don’t have the money, you need to have a good team with different backgrounds.”
4.8 Nascent Entrepreneur (8)

4.8.1 Background

Nascent entrepreneur (8) has a bachelor degree in international management. Currently he is studying a master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. Besides his studies, he worked for three different companies and extended his practical knowledge.

When NE (8) was studying his bachelor programme, he did not think about becoming an entrepreneur in the future. However, his opinion changed with the start of the master programme:

“I had another perspective before I studied my master. I am a person who likes to take the lead and take the initiative and like to realize own ideas. These are the main intentions why I started to study entrepreneurship and thought about becoming an entrepreneur.”

While NE (8) was part of an accelerator programme with an idea that was related to his own interests, he could further encourage his entrepreneurial intentions. Throughout the programme, he gained insights in building a MVP and focusing on potential customers:

“I built a MVP and worked on the pitch for potential investors. I really tried to cut my idea down to the benefits I can provide in comparison to existing products.”

4.8.2 Evaluation Approach of New Venture Idea Attractiveness

For NE (8), the evaluation process often starts by identifying a need in the market, which he has immense expertise in. He tries to get an idea about the size of the market and how many people may have interests in his idea. When he thinks the idea provides value, he continues on how he can build a solid business model. Thereby, he uses excel and calculations in order to figure out potential costs and revenues:

“I would try to figure out how to make revenue. I would dig deep here to actually make sure the revenue model makes sense for the future and is of high quality. However, it may not be pretty accurate.”
While this procedure is important for NE (8), he additionally tests his hypotheses of his idea in order to make better forecasts. He points out that every business is based on assumptions that need to be confirmed or rejected. This leads him to making a better judgment about the quality of an idea:

“The more time you spend on it, the more you learn about the idea and the better your forecasts will be.”

In any case, NE (8) indicates that the use of rules-of-thumb is present. He describes them as criteria, which he rates and evaluates. He adds that he either uses them consciously or unconsciously:

“I would say I make use of rules-of-thumb. I have certain criteria I would go through to see if the opportunity is worth to take or not.”

4.8.3 Heuristic Rules-of-Thumb

In order to assess the attractiveness of a venture idea, NE (8) takes several rules into account. One rule is concerned with the market potential. He focuses on a potential gap in the market, which he defines it as already existing products that are not satisfying or can be improved. In addition, he looks at the market demand of his idea by talking to potential customers:

“It is key to get the feedback from them. My own thoughts cannot be transferred to everyone, that is why it is important to ask as many people as possible to really identify if there is a need for them.”

Furthermore, monetary incentives play also a role for NE (8). In his point of view, he must be able to monetize the idea otherwise there is not the motivation to work on it:

“You put so much effort on working on that idea so later there must be somehow a certain amount of revenue and profit.”
Lastly, the NE (8) contemplates on resources that he may need for pursuing the idea. This is not only important for him in regards to having skilled team members or get other business partners on board, but also how he can make use of his own skills and knowledge. If he does not have the expertise in the certain field of the idea, it does not make sense for him to pursue it only on his own:

“I would try to identify certain skills for each idea and to see if my skills fit to these ideas. If it is too far away from my skills, I might consider to not pursue this idea because it does not fit to my skill set.”
4.9 Nascent Entrepreneur (9)

4.9.1 Background

Nascent entrepreneur (9) is currently studying a bachelor programme in international management at the Jönköping International Business School in Sweden. He does not have any previous working experience with bigger companies. Nevertheless, he is convinced that the position as an employee does not fit him. He rather sees himself as a future entrepreneur:

“I like to take responsibility and to be involved in everything. It feels more challenging being an entrepreneur. I think working for a corporation with only a few tasks that you do every day is nothing that stimulates me.”

NE (9) was part of an accelerator programme, where he learned to translate big ideas into smaller concepts and how to pitch it to potential investors:

“I haven’t done such a programme before, so I saw it as a challenge. It was a good experience to learn more about when it comes to businesses and start-ups.”

4.9.2 Evaluation Approach of New Venture Idea Attractiveness

NE (9) argues that he does not spend too much time on evaluating a new venture idea in general. He rather wants to start with the idea as soon as possible and then iterate along the process. However, he is dedicating time on talking to his social network about the idea, while also doing some basic research on the web:

“I always talk with my network. Then I try to do some online research. Sometimes I start to do my own research first and sometimes the other way around. Research and Network are the first two things I do before I do something else.”

In addition, NE (9) always tries to visualize the vision of his idea. He claims that this method helps him to move forward. Moreover, he imagines how people could use the idea in the future even if it is impossible to predict future outcomes:
“I try to vision and see how it can create value in the near future.”

From his perspective, NE (9) does not have a systematic or structured way of evaluating the attractiveness of a new venture idea, but he states that he makes use of certain criteria:

“I wouldn’t say I have rules-of-thumb. But I have criteria I go through. It does not have to follow a certain structure. All ideas are different and therefore I try to be as open as possible.”

4.9.3 Heuristic Rules-of-Thumb

One important criteria which is used by the NE (9) for evaluating an idea, is related to monetary incentives. He points out that while his idea is creating value for others, he also wants to be able to monetize it and make it profitable in the long run:

“As simple as it is, if people really appreciate my idea, they are also willing to pay for it. So, if you come up with a vision that creates benefits for others, you are able to monetize your idea.”

Another rule that is essential for the NE (9) evaluation about the attractiveness of an idea, is related to his social network confirmation. He wants to make sure that he does not come to conclusions based simply on assumptions. This means that the idea’s feasibility must be approved by certain things and other opinions. That is why he relies on confirmation from close people and experts within the field of his idea that he can trust. Depending on their opinion, it makes him either motivated to further pursue the idea or drop it:

“I have a good network of friends and people in certain industries, to whom I can go and ask them about my idea. If they believe in it, I get more and more excited to take action. However, if too many of them tell me that it is not a good idea, I am very likely to not develop the idea. I need the confirmation and have to check as many boxes as possible.”
Finally, NE (9) sets also great store on **resources**. He does not think too much about the resources when he evaluates, since he is convinced that if he has a good idea, then he will be also able to find a way to get the necessary resources. On the contrary, he highlights the fact that he must possess a certain level of experience in order to be able to apprehend the big picture of the idea:

“I try to start with doing what I am good at. And then as my research gets further and further, I try to acquire the resources and expertise that I need. However, my experience has to be good enough at least, to sell the idea and communicate it.”
4.10 Nascent Entrepreneur (10)

4.10.1 Background
Nascent entrepreneur (10) has a bachelor degree in business administration and is currently studying a master programme in strategic entrepreneurship at the Jönköping International Business School in Sweden. Throughout his studying career, he was also able to gain two years of working experience in sales.

NE (10) wants to follow the entrepreneurial path as he believes that the skills and expertise he will gain, will be very beneficial for him, regardless where his professional career will end up:

“I am a curious person. I always like to know new stuff, it doesn’t have to be any specific topic. Hopefully I am flexible enough to be able to pick up all the knowledge.”

During his master programme, NE (10) also joined an accelerator programme where he developed a business plan and created a prototype for his idea. Even though, he did not have any personal goals while participating in the programme, he wanted to benefit from external expertise in the sense of having a personal mentor.

4.10.2 Evaluation Approach of New Venture Idea Attractiveness
For evaluating the attractiveness of a venture idea, NE (10) use estimations in regards to the potential revenue outcome and how people might be interested in the product or service. While he makes estimations about the future, he also makes use of his social network in order to get better insights of the market:

“I estimate the market but it is very difficult to do a market research on my own that is accurate for the future. That is why I estimate basically through my network and ask them if my prior assumptions are correct.”

Moreover, NE (10) sets up an action plan, which includes the steps and actions he has to undertake in order to further develop the idea. He claims that this procedure is not about
visualizing. Nevertheless, he usually visualizes his idea in terms of where he wants to be with the idea within a year.

Throughout his evaluation approach, NE (10) uses personal criteria in order to assess his idea, but is not aware of using rules-of-thumb:

“I use a number of criteria upon assessing, but I may not consciously think of them as rules-of-thumb.”

4.10.3 Heuristic Rules-of-Thumb

NE (10) evaluates the attractiveness of a venture idea primarily by turning to his social network. When he comes up with an idea, he presents and shares it with his social network to get feedback. Through the discourse with his family and people who have more expertise about the industry of his idea, he wants to get social network confirmation. This, because it is essential for him since it influences his judgments about if the idea is worth pursuing it:

“When my network is asking me questions about my idea and I am able to answer them, then my idea is probably viable and good. If I can’t answer them, then I guess I haven’t found a solid solution. I would still keep it in mind, but wouldn’t continue working on it.”

For NE (10), the idea attractiveness is also significantly related to his passion. He asserts that experiencing a problem in his personal situation makes him feel personally connected to it. Facing a personal problem, where he cannot find an existing solution leads him to the assumption that it might be a good venture idea, since no one else has yet solved his problem:

“For me it is about if it solves my own problem. If I experience a problem and there is no other existing solution, then I try to solve it on my own. And if my solution is a decent one, other people probably like to have that as well.”
In addition, he must be able to monetize the idea. Monetary incentives in the sense of having sufficient revenue streams, are essential for NE (10). However, he indicates that it does not come in the first place since he prioritizes to have a proper solution to the problem:

“It must be possible to monetize the idea. But first I want solve a problem and then I look into how I can make money out of that and how much people are willing to pay.”

Lastly, NE (10) highlights the importance of having the right resources, especially when it comes to his own competences. For him, it is vital that he could start right away with his idea. He must be aware of the fact that he is able to learn the necessary skills and knowledge in order to manage potential upcoming problems related to his idea:

“The solution to my problem must be feasible in the way that it is something I can do. When I create an idea about Blockchain for example, for me it is not feasible as I don’t know how to code. So, I have to be aware of that.”
### 4.11 Summary of Rules-of-Thumb

<table>
<thead>
<tr>
<th>Aggregate Dimensions</th>
<th>Empirical Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passion</strong></td>
<td>• NE (1): “The most important rule is that I must love the idea.”</td>
</tr>
<tr>
<td></td>
<td>• NE (3): “I must feel a personal and emotional attachment to the idea.”</td>
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<tr>
<td></td>
<td>- Similar empirical evidence was found for: NE (2), NE (4), NE (5), NE (6), NE (7) and NE (10).</td>
</tr>
<tr>
<td><strong>Monetary Incentives</strong></td>
<td>• NE (2): “For me, being able to make money with my idea is very important.”</td>
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<td></td>
<td>• NE (4): “I would like to concentrate on the revenue aspect of the idea.”</td>
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<tr>
<td></td>
<td>- Similar empirical evidence was found for: NE (1), NE (7), NE (8), NE (9) and NE (10).</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>• NE (1): “I like to look at the skills I have and make sure that I match with people who may complement my competences.”</td>
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<td></td>
<td>• NE (6): “If I do not have the right resources I need in the beginning, I have to make sure that I gain access to them.”</td>
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<td></td>
<td>- Similar empirical evidence was found for: NE (3), NE (5), NE (7), NE (8), NE (9) and NE (10).</td>
</tr>
<tr>
<td><strong>Market Potential</strong></td>
<td>• NE (2): “It is very important for me to be able to find a gap in the market.”</td>
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<td></td>
<td>• NE (7): “When I have an idea, I start to figure out if there is something similar existing in the market.”</td>
</tr>
<tr>
<td></td>
<td>- Similar empirical evidence was found for: NE (1), NE (3), NE (4), NE (5), NE (6) and NE (8).</td>
</tr>
<tr>
<td><strong>Feasibility</strong></td>
<td>• NE (4): “The idea has to be feasible in order to be pursued.”</td>
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<tr>
<td></td>
<td>• NE (9): “The feasibility of my idea must be confirmed by my network.”</td>
</tr>
<tr>
<td></td>
<td>- No evidence of Feasibility was found for the other cases.</td>
</tr>
<tr>
<td><strong>Social Network Confirmation</strong></td>
<td>• NE (5): “If most of the people within my social network do not think the idea is attractive, I will definitely not pursue it.”</td>
</tr>
<tr>
<td></td>
<td>• NE (10): “For me when evaluating, it is primarily through my network.”</td>
</tr>
<tr>
<td></td>
<td>- Similar empirical evidence was found for: NE (9) and NE (10).</td>
</tr>
</tbody>
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*Table 4: Summary of Rules-of-Thumb; Source: own*
5. Analysis

In this section of our thesis, we make use of the emerged literature framework that we have outlined in chapter two, in order to analyse the empirical findings and contribute with our results to the literature. Hereby, we first explain and reflect upon the general idea attractiveness evaluation approaches applied by our cases. This is followed by the investigation of the specific aggregate dimensions (heuristic rules-of-thumb), which we have introduced in chapter four.

5.1 Evaluation Approach of New Venture Idea Attractiveness

In general, all the nascent entrepreneurs engaged in the evaluation of new venture idea attractiveness, with slightly varying degrees of effort and adherence. They engaged in thinking processes, where they used, e.g., memory and information, to judge and evaluate the attractiveness of the idea. In other words, they made use of their cognition (Mitchell et al., 2002; O’shea, Buckley & Halbesleben, 2017). The main argument for all the NE for conducting the evaluation was that it is an essential step in deciding whether the idea is attractive enough to be pursued and if the NE have the means to launch the venture. This is in accordance with Barney and Ensley (2009), who state that proper new venture idea evaluations can increase the possibility of turning the idea into a real business, by gathering the adequate resources. However, of all the cases, NE (1), NE (9) and NE (5) showed a more sceptical opinion on conducting extensive evaluations, stating that they prefer to launch the venture as soon as possible and save valuable time. NE (1) especially emphasized the fact of not spending substantial amounts of time on evaluation, since the nature of his potential venture may change as the time passes. Furthermore, he states that in this very early stage, he may not have the necessary information or experience to make accurate evaluations. This argument is in line with Keh et al. (2002) and Miller (1984), who assert that entrepreneurs usually face opportunities under dynamic and uncertain business conditions with minimal information (Bhide, 2000), and are therefore forced to make fast decisions about the opportunity. Further, NE (9) claimed that he prefers to rather immediately start the venture and eventually iterate during the process to not deploy valuable time upon evaluating.
In the contrary, the fact that NE (2), NE (3), NE (4), NE (6), NE (7), NE (8) and NE (10) put relatively significant emphasis on the evaluation aspect, may be a result of their individual personality or perspective. This may be understood by the theory of Chandler and Hanks (1994), who explain that engaging in evaluation to decide whether an opportunity is attractive or not, the personal point of view and the individual perspective is a major element. Upon conducting the face-to-face interviews, we certainly noticed a variety of personalities of the nascent entrepreneurs. While some nascent entrepreneurs were perceived by us as more lively, energetic and ready to take action such as NE (5), others seemed relatively more introverted and highly careful when deciding upon a particular action such as NE (6). This is also supported by Gartner (1988), who states that a lot of research puts focus on the entrepreneur as an individual, since some entrepreneurs may start their own business while others may not, even though they face the exact same conditions. This phenomenon may thus be a result of their individual’s traits and characters. For instance, NE (8) claims that he must spend a considerable amount of time in analysing the market and validating the business model before he can consider pursuing the idea. In alignment, NE (6) and NE (7) initiate in online research as an essential approach to obtain knowledge, which will ultimately help to evaluate the idea.

Besides having different opinions on how essential and imperative conducting thorough evaluation is, the cases also varied in how they approached the evaluation itself. For instance, NE (2), NE (3), NE (4), NE (5), NE (6), NE (7), NE (9) and NE (10) state that after identifying an idea they discuss, get feedback and confirmation from their social network. This, in order to find out whether the people within their social network perceive the idea as being attractive. The importance of the entrepreneur’s social network is outlaid by Zimmer (1986), who argues that entrepreneurs have a higher chance of succeeding if they have social ties which can be seen as different information sources. They can provide information about the market, customers, innovations and different business strategies. In other words, a major part of entrepreneurship is related to the social network structures, which are characterized by an element of trust and communication between the individuals (Casson & Giusta, 2007; Anderson & Jack, 2002). Thus, NE (2) states that he highly values the opinions of people within his social network who may provide insightful feedback on the idea. Likewise, NE (3) and NE (5) conclude that discussing the ideas
with people within their social network can lead to new knowledge and insights about the idea and the business model.

As suggested, all the nascent entrepreneurs believed that evaluating the attractiveness of a new venture idea through their social network is a valuable approach, except for NE (8) who did not mention turning to his social network, but rather is shown to follow a more individualistic evaluation approach. He believes in conducting independent research about the market in general and the business model. This approach is more typical the traditional research in entrepreneurship, which considers the entrepreneur as an autonomous entity and lone decision-maker, who is highly independent of her social environment (Zimmer, 1986).

Another evaluation approach found through the empirical material was the use of personal knowledge and personal experience. However, of all the nascent entrepreneurs, prior knowledge and experience were mentioned only by NE (2), NE (3), NE (4) and NE (6). For instance, NE (2) states that he searches within his memory to find valuable knowledge which can be applied to judge the attractiveness of the idea. NE (4) also concludes that he uses his mind to find reliant prior knowledge which was gathered from prior experience. Lastly, NE (6) emphasises the fact that the idea should be relevant to her prior experience and knowledge within the industry. These arguments support the claims made by Mitchell et al. (2002), who state that entrepreneurs frame unconnected information in their thinking structures to establish and develop new products or services and thus launch the ventures. Here again, the entrepreneurs thinking patterns and ways of transferring knowledge are evident, which are the core of entrepreneurial cognition (Neisser, 2004). Considering that all of the NE have some formal education, only NE (3) emphasised that knowledge gathered from the formal university education may be a great asset when evaluating an idea. Davidsson and Benson (2003) state that formal education may be highly useful to entrepreneurs through the accumulated knowledge. Surprisingly, no other NE put a focus on their gathered knowledge explicitly form the university, which may be a sign that they did not study the relevant courses. What is important to notice here is that the highlighted importance of using personal knowledge and experience as an evaluation approach does not suggest that the NE (2), NE (3), NE (4) and NE (6) do not value the knowledge and experience of others. In fact, it is the opposite. As mentioned before, all of these nascent entrepreneurs strongly value the feedback of people within their social
network. Their approach can thereby be characterized as a mix between personal knowledge and knowledge of their social network.

Derived from our empirical data, is also the use of assumptions and estimations for the future. This was evident in cases of NE (1), NE (2) and NE (10). They argued that they try to estimate where their venture will be in the future. NE (1) and NE (2) estimate where their potential venture can be 3-5 years from today, assuming that they take certain actions today. However, NE (1) puts a focus on the fact that without historical data and prior business track record, the probability of these estimations to be correct, might be extremely low. In the case of NE (10), the estimations of the future are mostly based on revenue potential and the financial future of the firm. Estimations about the future are common within opportunity evaluation. Haynie et al. (2009) state that opportunity evaluation is considered as being focused on future outcomes, where the entrepreneur tries to imagine what benefits the idea will produce in the future. However, it is surprising that the other nascent entrepreneurs did not put focus on using estimations for the future. This could again be related to their personality traits and personal views on evaluation. The role of emotions and gut-feeling also showed to play their part, when the nascent entrepreneurs evaluate new venture ideas. Anyhow, this was true only for NE (1) and NE (2). NE (1) stated that he feels a type of temporary emotion, which he calls gut-feeling, which affects how he views the attractiveness of the idea. NE (2) also stated that emotions and gut-feeling were highly imperative aspects of his evaluation approach. He suggested that his evaluation is instead an emotional one, rather than a rational one. The existence of emotions and gut-feeling amongst NE (1) and NE (2) are in line with Isen and Labroo (2003) as well as with Beal, Weiss, Barros and MacDermid (2005). The authors state that emotions do in fact shape and have an enormous impact on how entrepreneurs grasp information and ultimately evaluate different opportunities. NE (1) emphasized the fact that in this early stage of venture life cycle, he does not have any historical data, which is the primary reason why emotions may play the guiding role in his case. This is further highlighted by Forgas (1995), who concludes that in uncertain venture environments, emotions and feelings work as hints that lead to judgment and action taking.

Moreover, our empirical findings show the use of visualizations as an additional evaluation approach applied by the vast majority of the cases, namely NE (1), NE (3), NE
(4), NE (5), NE (6), NE (7), NE (9) and NE (10). The explanation for the use of visualizations is similar between most of the nascent entrepreneurs, who did not explain in detail their visualization procedure. All of the cases stated that they create mental pictures about where they will be in the future with their potential venture. Antonietti et al. (1994) emphasize the fact that creating mental images helps individuals avoid the structured and mechanic thinking pattern, thus making it possible for them to think in new ways and ease the problem-solving procedure. This proves that using visualizations can ultimately have a positive effect upon the evaluation approach of the nascent entrepreneurs, who by a clear majority deploy mental visualization. Furthermore, Wood and McKelvie (2015) claim that mental images can work as a tool for entrepreneurs to make future guesses or judgments about the attractiveness of a specific entrepreneurial opportunity. For instance, NE (1) claimed that visualizations about the future have an immensely positive effect on his emotional state and potentially increases the motivation. Likewise, NE (5) explained that he translates his mental visualizations by making drawings on a whiteboard. He stated that this gives him great emotional pleasure and makes his idea more concrete.

Lastly, the single evaluation approach that was common in all of the cases was the use of heuristic rules-of-thumb. However, some of the nascent entrepreneurs call them as criteria, while others call personal rules or rules-of-thumb. We consider this finding as astonishing since it shows how highly applied and popular the use of heuristic rules-of-thumb is amongst nascent entrepreneurs upon evaluating the attractiveness of new venture ideas. Although, a high number of nascent entrepreneurs stated that they were not even aware of using them, as in the cases of NE (1), NE (2), NE (5), NE (8) and NE (10), the rest of the nascent entrepreneurs were well-aware of using them. Only NE (1), NE (3) and NE (5) explicitly explained the benefits of using a rules-of-thumb approach. NE (1) claimed that heuristic rules-of-thumb are very effective and time-efficient in the face of many unknowns. This is consistent with Mitchell et al. (1996), who state that heuristic rules-of-thumb allow entrepreneurs to understand and deal with the complexity and uncertainty of business circumstances. In agreement, Busenitz and Lau (1996) see heuristic rules-of-thumb as highly efficient that allow for quick decision-making under ambiguous entrepreneurial situations. This theory is also reflected in the cases of NE (3) and NE (5), stating that heuristic rules-of-thumb are fast and simple, which help them to
act rapidly and start the process of venture creation right away. All our research respondents argued that they use different rules-of-thumb in order to evaluate the attractiveness of a new venture idea, which will be presented in the following section.

5.2 Heuristic Rules-of-Thumb

5.2.1 Resources

Haynie et al. (2009) point out that the evaluation regarding the attractiveness of a venture idea is closely associated with the entrepreneur's existing human capital in the form of skills, abilities, and knowledge. In accordance with their findings, all our cases, except NE (2) and NE (4), mentioned that they make use of certain resource-based-rules, which influences their assessment of an idea. Hereby, NE (1), NE (3), NE (6), NE (8), NE (9) and NE (10) claim that they need to have the right knowledge base before they actually start taking action upon a venture idea and need to be aware of their competences while evaluating it. This is consistent with the findings by Wiklund and Shepherd (2003), who assert that knowledge serves as an essential resource for the entrepreneur, from the discovery of opportunities to their exploitation. NE (1), NE (8) and NE (10) assert that after the idea has been identified, it is crucial to consider what the current resources may be and how these resources may be utilized to pursue the idea. On the contrary, interesting insights are derived from the cases such as NE (7) and NE (9). NE (9) emphasized the fact that the resources can be acquired along the way and thus he does not necessarily prioritize having them in the early stages of the venture creation process. In agreement, NE (7) argued that possessing the appropriate resources in the present does not play a vital role for him in conducting idea evaluation. Instead, he considers having access to possible necessary resources in the future, such as being able to gain appropriate competencies, get financial support or find the right team members. Nevertheless, NE (7) is primarily focused on the idea itself and not on the resource aspects upon evaluating. These findings are of particular interest since Haynie et al. (2009) further identify in their study that entrepreneurs may get attracted by the opportunity itself, even though their existing resources and competencies may be inconsistent with the opportunity in the beginning.
5.2.2 Market Potential

Apart from NE (9) and NE (10), all the other nascent entrepreneurs put emphasize on finding a potential market gap and need for the idea. In addition, they validate the competitive situation when evaluating the attractiveness of a venture idea. In this respect NE (1), NE (2), NE (3), NE (5), NE (6), NE (7) and NE (8), contemplate the competitors of a certain market and try to find out, how they can differentiate from them and whether a gap or niche can be identified. They review the market situation to assure that their exact idea is not already existing, which would lead to a degrading of the idea attractiveness. This is in line with prior research by Merrifield (1987), who defines the competitive landscape as one of the factors that affect the attractiveness of a new business idea. He states that the competitive situation in a certain business area has a direct impact on the evaluation. In accordance to the theory proposed by Dean et al. (2006), the mentioned nascent entrepreneurs further put emphasis on fulfilling and targeting a demand in the market with their idea, since their idea must fit in the market and provide specific added value for customers. Dean et al. (2006) highlight that an idea must be relevant in a certain way and solve a specific problem, to be considered as attractive. Furthermore, the authors indicate that a certain degree of novelty of an idea has an additional effect on perceiving an idea as attractive or not. This is evident from NE (4), who states that the idea should be something that no one else is doing in the market in order to achieve a unique selling proposition and stand out of others.

5.2.3 Passion

According to previous research, entrepreneurial passion can be seen as a key determinant of establishing new ventures. Since entrepreneurs usually face uncertain environments with only limited resources and many challenges while starting up, passion gives value to their daily work and acts as a driving force (Cardon, Gregoire, Stevens & Patel, 2013). With reference to our findings, all of the nascent entrepreneurs, excluding NE (1), NE (8) and NE (9) admitted that they must feel passionate about their new venture idea to pursue it. Their arguments match the theory of Cardon et al. (2005), who state that passion leads to a better and more deeply rooted commitment to the idea. This is evident for instance in the case of NE (5) and NE (7), who argued that passion is also an indispensable requirement for them to feel emotionally attached and attracted to their ideas. Even
though the vast majority of our cases mentioned that they must love the idea and it has to be interesting, only NE (3) highlights the importance that the idea must also be in line with personal values and principles. This could be explained by Cardon, Sudek & Mitteness (2009), who suggest that while entrepreneurs are passionately engaged in entrepreneurial activities, this engagement is profoundly significant to the entrepreneur’s self-identity. Additionally, Cardon et al. (2005) assert that extremely passionate entrepreneurs may be willing to sacrifice monetary rewards and satisfaction of their new businesses. The authors’ statement can be reflected by NE (2) and NE (4), who indicate that the more passionate the feel about an idea, the likelier it is that monetary incentives take a back seat at least in the early stages of their potential ventures.

5.2.4 Monetary Incentives

The literature argues that the individual's desire to achieve financial independence and success is one of the most elementary incitements to become an entrepreneur in the future (Carter et al., 2003). Consistent with this entrepreneurial research, all the nascent entrepreneurs, apart from NE (3), NE (5) and NE (6), acknowledge that they consider financial outcomes as imperative while evaluating upon the attractiveness of a venture idea. Not being able to generate an appropriate revenue stream out of the venture idea, may have a considerable negative influence on the assessment of the attractiveness of their ideas. The importance of generating revenues is proven by NE (1) and NE (2), who admitted that in the absence of financial abundance, he would consider to quit putting effort into the venture. This is in accordance with Merrifield (1987), who states that a business idea can be considered attractive when it provides a certain accepted amount of sales or profit potential. In fact, all of the nascent entrepreneurs, who consider monetary incentives a vital evaluation rule, are focused on making a living out of ideas and want to fully commit themselves to the potential ventures, which is why the aspect of having potential future revenues matters in their evaluation process. Particularly NE (4) highlights the fact that he favours focusing especially on revenue aspects of his idea when evaluating, to assure that he has the opportunity to monetize it and in turn make a living out of the idea.
5.2.5 Social Network Confirmation

Greve and Salaff (2003) indicate that the social network plays a crucial part, particularly for potential entrepreneurs. This is mainly because they discuss the possibilities and aspects of their ideas with close contacts, most likely with friends and families, for the purpose of assessing the attractiveness. Furthermore, they discuss potential needed resources of a venture idea in the future. Consistent with the author’s study, NE (5), NE (6), NE (9) and NE (10) asserted that one of their most substantial rules is to seek the confirmation of their social network upon evaluating their venture ideas. All of them rely on their closest social network when it comes to discussing venture ideas. Mainly friends and families are mentioned as influences that create a lasting impact on their decision if they will further pursue an idea or reject it. The reason for this could be explained by the argument that when they consider and evaluate a business idea, they feel the need for having a protected environment to discuss it, and thus they restrict their discourses to their most trusted ties (Casson & Giusta, 2007; Greve & Salaff, 2003). However, what is a surprising fact, is that NE (9) and NE (10) consider talking to other people, who are outside their closest network. More precisely, they seek for confirmation from people with certain expertise within the field of their venture idea, since they want to ensure getting the right information.

What’s more, another interesting insight that emerged from our cases is related to the nascent entrepreneurs who do not rely on their social network to confirm their ideas but use it for getting feedback during the evaluation process. In other words, they believe in asking their social network for feedback on the idea (Jenssen & Koenig, 2002), but do not consider their confirmation as necessary criteria that determines their decision for pursuing or dropping it.

5.2.6 Feasibility

The feasibility of particular business opportunities can be especially assessed by the use of heuristic rules-of-thumb, which are adequate tools that help entrepreneurs to interpret existing information (Busenitz & Lau, 1996). In relation to our cases, this theory is surprisingly only in line with NE (4) and NE (9), who apply a specific evaluation rule that considers the feasibility of their venture ideas. For both nascent entrepreneurs, idea feasibility is integral as they must assure that there is a way of transforming the idea from
a concept to a real venture. This draws similarities to the idea quality criteria highlighted by Dean et al. (2006), who clarify idea attractiveness also when a specific idea is viable and implementable. In that context, specifically NE (9) mentioned that the idea must be concrete and it must be able to write it down on paper to consider an idea as feasible. Additionally, NE (4) argued that being able to conceptualize the idea is also a decisive element of idea feasibility.
6. Discussion

In the final chapter of this work, we will summarize our findings, draw conclusions on the purpose of the thesis and answer our research question. Furthermore, we point out how our thesis is contributing to the literature and practice as well as demonstrate its limitations. Finally, we present suggestions for future research.

6.1 Conclusion

The purpose of the thesis was to address the scarcity of knowledge related to how nascent entrepreneurs evaluate the attractiveness of new venture ideas. In addition, we aspired to obtain a deeper understanding of their distinctive evaluation approaches and identify the similarities and differences between the cases. Our findings emerged as a result of the data collected from our research participants, through face-to-face interviews with ten nascent entrepreneurs located in Sweden. The findings point out that all of the nascent entrepreneurs employ a variety of evaluation approaches, where they make use of their cognition as a means of judging and assessing the attractiveness of new venture ideas. The majority of the nascent entrepreneurs were found to direct significant effort upon evaluating the ideas. One major evaluation approach applied by the nascent entrepreneurs was through reaching out to their social network, to obtain feedback and insights in regards to the idea. The most dominant argument for this approach was that the communication with their social network can most likely lead to new insights and valuable feedback. Additionally, the findings suggested that the nascent entrepreneurs make use of their existing knowledge and personal experience when evaluating ideas. Nonetheless, this was only emphasized by a slight number of nascent entrepreneurs. Moreover, the use of estimations and mental visualizations about the future were also found to be evident in a limited number of cases. These two approaches were mostly applied for the sake of making predictions for the future of the potential ventures. However, the approach which was used by all the cases was found to be the use of heuristic rules-of-thumb. These were used unconsciously in most of the cases. Hence, we identified six different rules-of-thumb regarded by our research participants, when evaluating the attractiveness of new venture ideas. These rules include Passion, Monetary Incentives, Resources, Market Potential, Feasibility and Social Network Confirmation.
The findings moreover showed that the most prominent rules were Passion, Monetary Incentives, Resources and Market Potential, reflected in the vast majority of the cases.

6.2 Theoretical and Practical Contributions

Most of the research has focused on opportunity recognition and opportunity exploitation. However, with a few exceptions (e.g. Williams & Wood, 2015; Keh, Foo & Lim, 2002; Chandra, 2017; Gupta & Turban, 2012), we verified that there was astonishingly a major deficiency of research conducted within the field of opportunity evaluation. In particular, we exposed a substantial lack of knowledge concerning the opportunity evaluation aspects amongst nascent entrepreneurs (McCann & Vroom, 2015). Essentially, our findings make three key contributions to the literature:

**Opportunity evaluation:**
First, we contribute to the opportunity evaluation literature by explicitly addressing the calls for more research on opportunity evaluation, which is largely ignored by the scholars (Haynie et al., 2009). Our thesis addresses a very important research gap since knowledge about how entrepreneurs make sense of the evaluation of opportunities is scarce, despite the fact that it is one of the core parts of the entrepreneurial process (e.g. Keh et al., 2002; Foo, 2011; Haynie et al., 2009). Furthermore, opportunity evaluation is particularly relevant but largely unexplored in the context of nascent entrepreneurs. Our study of ten nascent entrepreneurs lead us to fascinating insights in understanding this important and interesting phenomenon.

**Nascent entrepreneurs and opportunity evaluation**
Second, by bringing together the literature on opportunity evaluation and nascent entrepreneurship, we have built an integrative understanding of this phenomenon. For instance, our findings contribute to the literature of nascent entrepreneurship, which has mainly focused on the practical actions, characteristics and attributes of nascent entrepreneurs (e.g. Reynolds & White, 1993; Gartner & Carter, 2003; Wagner, 2006). More specifically, we contribute to the phenomenon of nascent entrepreneurial opportunity evaluation (McCann & Vroom, 2015). This, because our study provides new insights and an understanding of how nascent entrepreneurs approach new venture idea
evaluation and more particularly, which approaches seem to be the most common and widely applied. We were also able to obtain highly subjective views and thorough explanations from the nascent entrepreneurs regarding the motives behind the use of their preferred approaches and evaluation patterns.

*Heuristic rules-of-thumb and new venture idea attractiveness*

Third, our findings contribute to the literature of heuristic rules-of-thumb, which was the most common evaluation approach amongst our cases. We provide deep individual insights and expose the variety of rules-of-thumb used by the nascent entrepreneurs on evaluating the attractiveness of an idea. This contributes to the expanded grasping of how the rules-of-thumb are applied during the opportunity evaluation (e.g. Bingham, Eisenhardt & Furr, 2007; Busenitz & Barney, 1997), in particular when it comes to a specific stage of the venture creation process, namely the new venture idea evaluation stage. Moreover, we extend the knowledge regarding the attractiveness criteria used by entrepreneurs outlaid by Merrifield (1987) and Dan et al. (2006) through identifying additional criteria, which were taken into consideration by our cases during the evaluation.

*Practical implications*

In addition to the theoretical contributions, our paper also adds value to the practical side of entrepreneurship. Nascent entrepreneurs can gain useful insights on how to evaluate new venture ideas. We believe that this addresses an interesting element of the uncertainty faced by nascent entrepreneurs, when they evaluate a venture idea. For instances, we provide insights that could likely assist them in their evaluations or make them question or reflect upon their existing approaches. This could potentially lead to better, more detailed evaluations and may increase the chances of a successful venture launch. Our research is also relevant for policy makers and managers within accelerators and incubators, since it gives them a better understanding of the nascent entrepreneurial evaluation behaviour. As a consequence, they may include courses on evaluation approaches into their curriculums, which may assist the nascent entrepreneurs in the idea evaluation stage.
6.3 Limitations

When considering the nature of our study, it is important to note that the aim of the thesis may be a subject to certain limitations. Therefore, it is indispensable to address these limitations and further elaborate on them, in order to provide full transparency and authenticity of our research.

Since we have chosen a qualitative research approach, assuring exhaustive generalizability or transferability, is fundamentally difficult. Even though we clearly demonstrate and instruct how we defined and selected our cases, we admit that our work is limited to the context of Sweden. Furthermore, despite the fact that each nascent entrepreneur has a distinctive individual background, all of them have a relatively similar educational attainment. That is why we should have preferably ensured a certain degree of diversity in the cases, wherefore it may also restrict its generalizability. As a result, our findings may restrict the possibilities to transfer and generalise them into other contexts, such as different countries or life stages of nascent entrepreneurs. Nevertheless, we are convinced that the number of cases we investigated for our research purpose is meeting the high standards of a qualitative study and thus enhance credibility.

Another limitation of our study may be related to the chosen data collection. We firmly believe that for our thesis, semi-structured interviews were the most appropriate method to collect the data from the cases. However, due to the procedure of conducting semi-structured interviews, we might have guided the conversation towards our research purpose and question, which might have influenced and biased the research respondents in their answering.

Lastly, an additional limitation may be on the grounds of our own entrepreneurial interests and background. This is because we see ourselves as future entrepreneurs and are per definition also defined as nascent entrepreneurs since we went already through many new venture idea evaluation processes and have also been part of accelerator programmes. Being in the role of researchers, this may be limiting to our findings in the sense that it might have influenced our data analysis procedure. Especially when we subjectively interpreted and analysed our collected data from the semi-structured interviews, our entrepreneurship oriented mindset might have biased our reflections and objective perspective on the findings of the multiple case studies. However, since we were aware of these facts along the entire research process, we tried to counteract this by conducting
the analysis individually at first, and subsequently compared and agreed upon the most
evident arguments.

6.4 Suggestions for Future Research

Deriving from our limitations, we encourage future researchers to conduct similar studies in varying contexts in order to make the topic and findings more generalizable. On the one hand, scholars can focus, e.g., on a greater variety of countries, while taking into consideration the countries cultural aspects. On the other hand, we propose to take into consideration more diverse backgrounds of the potential nascent entrepreneurs. Thereby, the focus can be, e.g., on different age groups and life stages. Furthermore, we suggest also to translate our work with conducting quantitative studies in variable contexts. Using a quantitative research approach would further help to validate and assess our findings. Conducting multiple different research studies can provide new insights and a better understanding of the theory of nascent entrepreneurship, but especially on how and what kind of processes take place in the evaluation of new venture opportunities.

Since we did not consider the role of time in the evaluation process and thus ruled out a longitudinal research design in our study, it would be of great interest to research whether the evaluation of new venture ideas among nascent entrepreneurs may change over time. Particularly, when nascent entrepreneurs undertake entrepreneurial activities in regard to new venture ideas and hereby continuously (re)-evaluate the idea. Moreover, we firmly believe that in general the field of opportunity evaluation or more precisely, the new venture idea evaluation is still quite underdeveloped and should receive more attention from researchers in the future. Additionally, we recommend conducting further in-depth research on our identified rules from the cases.

Finally, our findings point out specific rules-of-thumb that influence the attractiveness of a venture idea and thus the decision-making of nascent entrepreneurs whether they pursue it or not. Hence, it would be of great interest to conduct further research that is not focusing only on the attractiveness aspect of a venture idea, but on other aspects that may influence the decision-making in the evaluation, and whether these factors have a connection to the use of rules-of-thumb.
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## Appendix 1: Interview Guide

### 1.) General Background Information
   a. How old are you?
   b. How would you describe yourself?
   c. Can you tell us about your personal background?
   d. What are you currently doing/working on?

### 2.) Entrepreneurial Background Information
   a. Can you tell us about your entrepreneurial background?
   b. Why is entrepreneurship the right path for you?

### 3.) Background Information about Accelerator Program
   a. What was the duration and process of the program?
   b. Describe the main activities you undertook during the program?
   c. Why did you choose to apply for the accelerator program?
      i. Personal motivation?
      ii. Initial goal?

### 4.) Evaluation of New Venture Idea Attractiveness
   a. How do you define the attractiveness of a venture idea/entrepreneurial opportunity?
   b. When is a venture idea/entrepreneurial opportunity attractive to you?
   c. How do you approach your evaluation of your new venture idea and its attractiveness?
   d. Which tools/aspects do you take into account when evaluating?
   e. What is your reason behind the use of these tools/aspects?
   f. How do these aspects affect you or your evaluation?
   g. Do you use a systematic way to evaluate new venture ideas/entrepreneurial opportunities?
   h. Do you apply long-term thinking when evaluating?
Appendix 2: The Coding Process

1st order concepts

- If I love the idea I will work harder
- The most important rule is that I must love the idea
- I must feel a personal emotional connection to the idea

- The idea must be in line with my own principles and beliefs
- I am more engaged when the idea solves my own problem
- My motivation increases when the idea solves any of my personal problems

- I must be able to make a living out of the idea
- The idea must make me personally more money than a normal job

- The idea must have a potential to generate revenues
- I would prefer to concentrate on the revenue aspects of the idea
- I analyze how much money the venture can generate

2nd order themes

- Love and Positive Emotional Attachment to the Idea
- Personal Relation and Connection to the Idea
- The Need to Secure Personal Finances
- Potential for the Idea to Generate Revenues

Aggregate Dimension

Passion

Monetary Incentives
1st order concepts

- I like to look at the skills that I personally have
- I want to make sure that I have the right know-how
- When I feel that I do not have the skills, I will drop the idea
- I value having a team with the right skills and competences

- It is important for me to know what resources I have access to
- When you are a student, having the resources is crucial
- I make to make sure that I have access to the necessary resources

- It is very important for me to fulfill a need in the market
- I must be able to find a gap in the market
- I try to prove that there really is a need in the market for my offering

- When I have an idea, I start to see if there is something already offered
- I look if there is anything similar in the market and how my idea can be better
- I prefer to do something that no one else is doing in the market

2nd order themes

- Human Capital and Personal Skills
- Access to Resources
- Market Need
- Competitive Advantage

Aggregate Dimension

- Resources
- Market Potential
1st order concepts

- The idea must be feasible to be pursued
- If I do not see a way to make the idea come true, I will not put effort on it

2nd order themes

- Feasibility to Pursue the Idea
- Confirmation and Feedback from Social Network

Aggregate Dimension

- Feasibility
- Social Network Confirmation

- What my social network thinks of my idea, has a great impact on me
- I mostly use my network to test my assumptions
- If people within my social network are not convinced of the idea, I get demotivated