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Oana Branzei

York University, obranzi@ivey.uwo.ca

Michael Valente York University

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SUMMARY

MICROPROCESSES OF OPPORTUNITY RECOGNITION IN DYNAMIC NETWORKS

Oana Branzei, York University, Canada Michael Valente, York University, Canada

Principal Topic

Whether made or found (Ardichvili, Cardozo & Ray, 2003), opportunities are not obvious to everyone (Shane, 2000). Idiosyncratic connections and social networking capabilities often create a "knowledge corridor" which facilitates the identification of some opportunities while at the same time inhibits the recognitions of others. We explore the micro-processes of opportunity recognition in dynamic stakeholder networks by asking whether and how relationally embedded entrepreneurs may have an advantage over isolated ones. Prior studies suggest that access to unique stakeholders often provides novel information, alternative viewpoints and distinct interpretative lenses (Hart & Sharma, 2004; Shane & Cable, 2002). Entrepreneurs often leverage network ties to more effectively discover and harness new opportunities (Baron & Markman, 2003; Larson, 1992; Steier, 2000). The deliberate crafting of strategic networks (Hite, 2005) may help entrepreneurs leverage positive asymmetries or compensate negative ones (Miller, 2003; Makadok, 2001), correct experience-laden blinders, and promote the use of cold and hot analogies (Thagard & Shelley, 2001).

Method

We rely on four in-depth, longitudinal case studies to develop a grounded theoretical framework of how entrepreneurs who systematically identify, explore, and integrate the views of various stakeholders achieve more accurate cognitions of their opportunity space.

Results and Implications

Our findings suggest that ties to diverse stakeholders facilitate asymmetry recognition by stimulating firms to rethink and redefine both their competitive situation and/or their roles in the situation (March, 1994). Deliberate interactions with different types of stakeholders, when aptly undertaken, helps firms isolate particular skill-sets which may otherwise remain under-explored or identify unfulfilled areas in need of immediate attention. These diverse interactions help entrepreneurs see new problems, ask questions in different ways, and begin looking for different solutions that accommodate previously unforeseen needs. Such situated learning influences the scope/nature of the opportunities noticed through attention shifts (Seshadri & Shapira, 2001). It also improves entrepreneurial accuracy in evaluation and implementation by attenuating cognitive and emotional biases (Durand, 2003). The sociality and affect associated with more embedded ties (Hite, 2005) increase the perceived 'infectiousness' of new opportunities (Tetlock, 2000) and help overcome defensive routines (Argyris, 2004; Scherer & Tran, 2001; Zellmer-Bruhn, 2003).

CONTACT: Oana Branzei; obranzei@schulich.yorku.ca; (T): 416 736 5096; Schulich School of Business, York University, Toronto M3J 1P3.