

6-7-2008

UNDERSTANDING THE INDIVIDUAL- OPPORTUNITY NEXUS: EMPIRICAL INVESTIGATION OF THE INTERACTION BETWEEN PRIOR KNOWLEDGE AND SECTOR CHARACTERISTICS (INTERACTIVE PAPER)

Rögnvaldur J. Saemundsson
Reykjavik University, Iceland, rjs@ru.is

Marina Candi
Reykjavik University, Iceland

Recommended Citation

Saemundsson, Rögnvaldur J. and Candi, Marina (2008) "UNDERSTANDING THE INDIVIDUAL-OPPORTUNITY NEXUS: EMPIRICAL INVESTIGATION OF THE INTERACTION BETWEEN PRIOR KNOWLEDGE AND SECTOR CHARACTERISTICS (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 28: Iss. 6, Article 18. Available at: <http://digitalknowledge.babson.edu/fer/vol28/iss6/18>

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

INTERACTIVE PAPER

UNDERSTANDING THE INDIVIDUAL-OPPORTUNITY NEXUS: EMPIRICAL INVESTIGATION OF THE INTERACTION BETWEEN PRIOR KNOWLEDGE AND SECTOR CHARACTERISTICS

Rögnvaldur J. Saemundsson, Reykjavik University, Iceland
Marina Candi, Reykjavik University, Iceland

Principal Topic

Within entrepreneurship research there is a growing interest in the nexus of opportunities and individuals. While intuitively appealing only a part of this interaction has been studied empirically. Empirical studies have investigated how the opportunities identified and exploited by individuals are shaped by prior knowledge and modes of learning, or the different paths followed in opportunity recognition processes. In all these cases the focus is on how individual differences lead to differences in entrepreneurial action.

The purpose of this paper is to improve our understanding of how the interaction between individual differences and the opportunity affects entrepreneurial action. We do that by empirically investigating how a particular differentiation strategy in new technology-based ventures is dependent on the interaction between prior knowledge of the founders and the characteristics of the sector they are entering.

Method

In 2006, a sample of 103 new technology-based ventures in Iceland participated in a survey-based study (91% response rate). The survey consisted entirely of structured questions and was administered in face-to-face interviews with the firms' CEOs. Information was collected about the use of aesthetic design as means of differentiation as well as information about the education and prior experience of the founders. To estimate the general importance of aesthetic design by sector, a panel of experts was asked to rate the importance of aesthetic design for each of the 25 sectors represented by the ventures included in the study.

Based on different theories four sets of alternative hypotheses were generated about the relationship between prior knowledge of founders, importance of aesthetic design by sector, and the uses of aesthetic design as means for differentiation. A regression analysis was conducted to test the hypotheses.

Results and Implications

We found prior knowledge of founders and the characteristics of the sector they are entering each to have an independent effect on differentiation strategies pursued in new technology-based ventures. We did not find support for the interaction between the characteristics of the individual entrepreneurs and the opportunities they are pursuing. We discuss how these findings can help us to revise our theories of the entrepreneurial process.

CONTACT: Rögnvaldur J. Saemundsson; rjs@ru.is; (T): +354-5996294; (F): +354-5996201; School of Business, Reykjavik University, Ofanleiti 3, IS-107 Reykjavik, Iceland.