SCHUMPETER VERSUS KIRZNER: COMPARING TWO TYPES OF OPPORTUNITY (SUMMARY)

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**Recommended Citation**
Available at: http://digitalknowledge.babson.edu/fer/vol31/iss15/6

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SUMMARY

SCHUMPETER VERSUS KIRZNER: COMPARING TWO TYPES OF OPPORTUNITY

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Principal Topic

Despite their presence in modern entrepreneurship theories, empirical investigations of opportunity types are scarce. Our contribution is twofold. First, we developed a measure to document the extent in which opportunities are Schumpeterian or Kirznerian. Both types of opportunities are supposed to be the anchors of a bipolar measure. Its items capture five dimensions that, as proposed in Scott Shane’s *A general theory of entrepreneurship* (2003), distinguish between Schumpeterian and Kirznerian opportunities: disequilibrating/equilibrating, new information/no new information involved, very innovative/less innovative, rare/common, and creation/discovery. Second, we analyzed individual characteristics associated with both opportunity types, exploring Shane’s idea of the individual-opportunity nexus.

Method

Data were collected from 184 high-tech small business owners, all members of a larger panel of high-tech small firms which were annually surveyed by the time of our data collection. First, a telephone survey was done in which respondents identified specific opportunities for new products that they had developed in the past three years. Next, a follow-up mail survey was send out in which we collected data on fifteen bipolar items (e.g., ‘This opportunity is revolutionary - …an incremental improvement) to be rated on a seven-point semantic differential scale. Moreover, we used data available from earlier surveys in the panel to test our hypotheses on correlations with individual characteristics.

Results and implications

We derived a ten-item measure documenting the extent in which an opportunity is Kirznerian (versus Schumpeterian). Confirmatory factor analyses showed that the measure is a higher-order construct reflected in the five bipolar dimensions proposed by Shane. Next, regression analyses confirmed that Schumpeterian opportunities are correlated with individuals’ growth ambitions, innovative behavior, and strategic emphasis on new product development related to anticipated future needs. In contrast, Kirznerian opportunities were associated with a strategic focus on exploiting current demands. Our hypotheses on a positive relationship between Schumpeterian opportunity pursuit, and risk-taking propensity and educational attainment, were not supported.

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