

6-9-2012

## ENTREPRENEURS' OPPORTUNITY DISCOVERY DECISIONS: THE LINK BETWEEN INFORMATIONAL ECONOMICS AND RESOURCE- DEPENDENCE THEORY (INTERACTIVE PAPER)

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### Recommended Citation

Qian, Shanshan; Ma, Dalong; and D'Mello, Jason (2012) "ENTREPRENEURS' OPPORTUNITY DISCOVERY DECISIONS: THE LINK BETWEEN INFORMATIONAL ECONOMICS AND RESOURCE-DEPENDENCE THEORY (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 32: Iss. 6, Article 24.

Available at: <http://digitalknowledge.babson.edu/fer/vol32/iss6/24>

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≈ INTERACTIVE PAPER ≈

**ENTREPRENEURS' OPPORTUNITY DISCOVERY DECISIONS:  
THE LINK BETWEEN INFORMATIONAL ECONOMICS  
AND RESOURCE-DEPENDENCE THEORY**

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**Principal Topic**

Fiet (2007) argued that prior specific knowledge can contribute to entrepreneurs' opportunity discovery and exploitation through constrained systematic search. Entrepreneurs utilize this technique to search information channels consisting of prior knowledge, increasing the quality of venture idea (Fiet & Patel, 2006). We, however, point out that power imbalance can have an impact on how information is accessed. We investigate how both prior knowledge and power can improve systematic search through conjoint experiment. Thus, in this paper, we address entrepreneurs' decisions to search for opportunities by linking resource dependence theory and informational economics.

**Method**

We design a metric conjoint analysis with the dependent variable being decision to continue searching information channels. Our sample consists of 100 potential entrepreneurs. A sample of 100 is adequate because we are looking at decisions nested within individuals. We have 24 decisions observations per individual or 2400 observations. Because of the nested nature of the data we will use hierarchical linear modeling with full informational maximum likelihood to analyze the data. Subjects will be provided 24 profiles with two levels of prior knowledge, three levels of power imbalance and two levels of average power. In each profile, they are asked to rate how likely they are to continue to search information channels to make an entrepreneurial discovery. Through manipulating levels of prior knowledge and power, our analysis will investigate potential interaction effects between the two constructs.

**Results and Implications**

Prior research related to informational economics within entrepreneurship has focused on prior knowledge. Our study introduces potential interaction effects of power imbalance on an entrepreneur's decision to search. By integrating resource dependence theory with informational economics, we extend practical and theoretical implications for systematic search. In situations when an entrepreneur has low prior knowledge, our paper investigates whether power can still help them systematic search to discover an opportunity.

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