THE INDIVIDUAL-OPPORTUNITY NEXUS IN TIMELY NEW VENTURE CREATION: AN EMPIRICAL TEST AMONG NASCENT ENTREPRENEURS (SUMMARY)

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Principal Topic

The review of panel studies in entrepreneurship points out that very few studies in entrepreneurship focus on the individual-opportunity nexus (Davidsson & Gordon, in press). Furthermore, the speed with which to move concepts to market is a fundamental issue facing new ventures (Utterback et al., 1992). To contribute to this direction, our main objective is to investigate the impact of the opportunity-individual nexus on the speed to new venture creation.

To achieve this objective, we build a theoretical model based on imprinting literature (e.g. Stinchcombe, 1965), which predicts that the initial founding decisions of nascent entrepreneurs regarding the opportunity they decide to pursue (i.e. initial opportunity characteristics) have effects on the speed to new venture creation. This relationship between initial opportunity characteristics and speed to new venture creation is, furthermore, hypothesized to be conditioned by entrepreneurial competence (e.g. Chandler & Hanks, 1994).

Method

The hypotheses are tested in a sample derived from the PSED II dataset (n=1214). At the time of the research, data from the initial data collection round of PSED II (A) and five follow-up waves (B-F) with the same NEs were available. Hence, data for our independent variables come from “Wave A” of PSED II data collection, which took place in September 2005 – February 2006, and data for dependent variable comes from up to five years later. In order to test our hypotheses, we analyzed the data using weighted hierarchical ordinary least squares (OLS) regression.

Results and Implications

We find support for the hypothesis that entrepreneurial competence (i.e. team’s collective industry experience) moderates the relationship between an opportunity’s market novelty and the speed to new venture creation. Essentially, for teams with lower levels of industry experience the time to new venture creation varies little between highly novel and imitative market offerings. For experienced teams, however, we observe a significant difference in that when introducing an imitative offering to the market they do it at a fast pace. In the case of novel market offerings, experienced teams take their time and demonstrate, on average, slower speed to organizational emergence than inexperienced teams.

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