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PROPERTIES OF OPPORTUNITY CREATION AND DISCOVERY: COMPARING DIFFERENT INNOVATIVENESS CONTEXTS (SUMMARY)

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≈ SUMMARY ≈

**PROPERTIES OF OPPORTUNITY CREATION AND DISCOVERY:
COMPARING DIFFERENT INNOVATIVENESS CONTEXTS**

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Principal Topic

Recognizing the need for innovativeness and achieving it are not the same thing; innovativeness requires both the identification and exploitation of opportunities (Schumpeter, 1939; Short et al, 2009). As part of this process, the context in which entrepreneurs operate and the innovative nature of the new venture is closely associated with how opportunities are formed; more specifically, whether they are discovered or created (Alvarez & Barney, 2007). Therefore, we conduct an exploratory study testing whether the theoretical foundations of the discovery and creation arguments can be linked to and differentiate among varying levels innovative contexts in which nascent entrepreneurs operate.

Method

The Panel Study of Entrepreneurial Dynamics II (PSED II), a national database of individuals in various stages of starting a business, is the source of data for the present investigation. Within the dataset, we identify different contexts of industry uncertainty due to innovativeness, which provide the context for a creation or discovery process. We considered the creation context as that associated with products/services that are new to customers and for which no or few competitors exist, and discovery context as that associated with products/services familiar to customers and where competitors with similar products/services do exist. Proxies were utilized for properties identified by Alvarez and Barney (2007) as distinguishing between creation and discovery contexts (nature of opportunity, leadership, financing, and strategy).

Results and Implications

We were able to categorize varying levels of innovativeness, therefore differentiating between contexts of discovery and creation in the process of opportunity formation. Based on the varying levels of innovativeness our examination of distinguishing properties between creation and discovery provided significant results as related to the theoretical assumptions of the theories. Our analysis revealed search activities were more prevalent in less innovative contexts (discovery), holding consistent with the nature of opportunities in discovery contexts. We also found significant, but mixed and contrary results for leadership, financing, and strategy properties of the opportunity emergence process.

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