REGULATORY FOCUS, OPPORTUNITY RECOGNITION AND CREATIVITY: AN EXPERIMENTAL INVESTIGATION (INTERACTIVE PAPER)

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Principal Topic

Shane and Venkataraman (2000) state that entrepreneurship “...involves...the processes of discovery, evaluation, and exploitation of opportunities...” Despite its importance and the research attention it has received to date, the process of opportunity recognition (OpRec) is not as well understood as it might be. Our study adds to the literature by combining regulatory focus (RF) with elements from prior research on creativity to expand the conceptual understanding of OpRec. Some scholars have described OpRec as a creative process, others have tested the effects of RF on creativity but to date no one has combined the two in a single experimental design. Specifically, we examine the effect of RF on the generation and evaluation/selection of business ideas as well as the novelty and usefulness of ideas selected.

Method

The study hypotheses are being tested in an experiment, across three locations, that situationally induces either a promotion focus or a prevention focus, and then examines the production and evaluation of business ideas. Specifically, after a promotion/prevention prime, subjects are asked to generate ideas for a new business based on an existing patent. From their list, participants choose only one idea, based on their prime. This is followed by an idea selection task whereby participants select an idea from a pre-test-generated list of ideas.

Results and Implications

We believe this research project will provide valuable insight into the OpRec process. Until now researchers have concentrated only on the process of generating business ideas. Except for McMullen and Shepherd (2002), no one has looked at how RF affects analogues of entrepreneurial judgment. Research on RF has found that people develop a chronic predilection toward a promotion or prevention focus depending on past successes. But the situations in which individuals find themselves (for example, being the founder of a company) can be expected to interact with, if not entirely alter, these underlying chronic predilections. Our study provides important advances on how OpRec is affected by such environmental cues. Finally, our work examining the novelty and usefulness of creative outcomes from the OpRec process should contribute to research examining creativity within business domains.

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