DOES SYSTEMATIC SEARCH GENERATE MORE VALUE IN TIME AND SPACE?
(SUMMARY)

Pankaj C. Patel
*University of Louisville, pankaj.patel@louisville.edu*

James O. Fiet
*University of Louisville*

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol27/iss17/5

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

DOES SYSTEMATIC SEARCH GENERATE MORE VALUE IN TIME AND SPACE?

Pankaj C. Patel, University of Louisville, USA
James O. Fiet, University of Louisville, USA

Principal Topic

Previous research has shown that different opportunity discovery modes are possible. We test whether (a) a particular discovery mode leads to the identification of valuable opportunities and whether (b) a discovery mode actually improves venture outcomes. Considering venture outcomes is a more reliable way of evaluating venture performance than solely considering whether it leads to the discovery of more or better venture ideas. It is conceivable that systematic search could lead to more proactive and informative information gathering than relying on innate skills or cognitive patterns. Such learning could be useful during the exploitation process. To our knowledge no other research has compared the potential effectiveness of discovery modes in combination with the mediating role of exploitation.

Method

The data for this analysis is a random sample of new ventures as they begin to exploit an opportunity. In the first 9 months of 1998, 35,971 Swedes between the ages of 16 and 70 were asked to participate in this study. We limited this research to the cohort of 223 new ventures that were started between January and September 1998.

We utilize a unique construct to represent the value of entrepreneurial opportunity based on Hayekian information distribution and on an Einsteinian space-time construct. We use Minkowski’s space-time vector to create a value-of-opportunity construct. We use negative binomial regressions for opportunities that are more time-like and more space-like. Furthermore, we use a parametric Weibull regression in event history analysis, while employing appropriate venture and industry controls to analyze effect of search mode on exploitation.

Results and Implications

The first result is that (a) the type of search [the extent to which it is systematic], (b) the cumulativeness of information during the identification process, and (c) a combination of both lead to the identification of valuable opportunities.

Second, we find that (a) systematic search and (b) the cumulativeness of information have a significant impact on firm survival.

By understanding the extent to which the ex-ante efforts of entrepreneurs make a difference, this research has the potential to effectively assist in directing their efforts.

CONTACT: Pankaj C. Patel; pankaj.patel@louisville.edu; (T): 502-852-4874; University of Louisville, Louisville, KY 40292.