INNOVATIVE CHOICES AMONG SUCCESSFUL ENTREPRENEURS (SUMMARY)

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SUMMARY

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Principal Topic

Within the field of new ventures, the rhetoric has drifted to a state of conceptual confusion between entrepreneurship and innovation. Not all entrepreneurs are innovators, therefore, an emerging challenge in this field is to clarify the conceptual difference, the boundaries and the relationship between these two distinct constructs, by answering the following research questions. Do innovative choices matter for the success of entrepreneurs? What are the underlying causal factors that affect innovative choices of entrepreneurs? In this study, we argue that innovative new ventures are more likely to be successful. We found considerable variance in the degree of innovation and new entrant success. Innovativeness was measured using both the novelty and the types of innovation originated and adopted by entrepreneurs. We tested hypotheses incorporating social learning theory (vicarious acquisition of behaviors, Bandura, 1976) and the tournament model (Forbes, 1987) to predict the innovativeness of entrepreneurs. For vicarious learning, we used early learning experiences and for tournament theory we used early career successes.

Method

We sampled the “America’s Top 50 Restaurants” in Gourmet Magazine 2006 and 2001. Order of entry of newcomers to the list constituted a score for excellence and proxy for success. Then we searched archival sources (local newspapers, magazines and trade publications) for articles on these new entrants. The complete data sample of new entrants on the Gourmet lists consisted of 23 restaurants. They were coded on six constructs by two independent raters (with an inter-rater reliability of r=.95). The six constructs were: innovation (novelty), innovation (types), tournament (education), tournament (first job), vicarious learning (apprenticeships), and (previous) awards (a control variable).

Results and Implications

Using rank-order correlations, we found support for the hypothesis that innovative choices in terms of novelty and innovation types are significantly associated with the success of entrepreneurs (using as a proxy the order of entry in the ranking). We also found strong support for the hypothesis that vicarious learning is significantly associated with innovation among entrepreneurs but quite a distinct and separate concept. This result has important implications for future research on predicting why some entrepreneurs make innovative choices and some do not.

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