ENTREPRENEURIAL POTENTIALITY IN THE PROCESS OF OPPORTUNITY REALIZATION: MODELING AND TESTING OF MULTIPLE-LEVEL EMERGENCE (SUMMARY)

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SUMMARY

ENTREPRENEURIAL POTENTIALITY IN THE PROCESS OF OPPORTUNITY REALIZATION: MODELING AND TESTING OF MULTIPLE-LEVEL EMERGENCE

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Principal Topic

This paper proposes a model of entrepreneurial potentiality that is the possibility of actualization of business opportunity. The emergent process is that of providing the solutions to numerous predicted and unpredictable problems (Katz & Gartner, 1988; Ansoff, 1975; Busenitz & Barney, 1997) and filling gaps between resources at hand and the level of resources that market opportunity requires. The new ventures have root causes of entrepreneurial motivations and mechanism of resource combination to overcome the ‘liability of newness’ (Stinchcombe, 1964) in the multi-level process. It is paradoxical that the new ventures do not have the necessary quality of resources in advance that can be evaluated from resource-based view. It might have inevitable limitations in dealing with the nature of emergent process from potential situations to actual business. The ad-hoc concept is entrepreneurial capability (Alvarez and Busenitz, 2001; Alvarez and Barney, 2000). We accommodate and link with organization and innovation perspective and model the ‘entrepreneurial potentiality.’

Model and Method

In the modeling phase, we divide the possibility into two kinds of level. First is the possibility of ‘new resource combination’ and the latter is possibility of ‘market acceptance’. Entrepreneurial potentiality is formulated based from motivation, that is least researched (Mitchell et al., 2007), activity, and conditions. Our propositions are based on the multiple-level emergence model. A simple structural equation modeling is used to show preliminary evidences. The model is tested with structural modeling by PLS 3.0. The number of firms listed in sample frame was 4008, and 3693 firms responded. After two years, in 2001, SMBA conducted the mail survey for registered 9978 firms, and received survey data from 8245 firms. The response rate was 88%. 1119 firms are included in the statistical analysis.

Results and Implications

The result shows that the model of entrepreneurial potentiality is the function of entrepreneurial motivation, resource condition, external conditions and characteristics of opportunity. This paper addresses the issue of opportunity realization or resource combination with theoretical approach and empirical test. Theory building on the emergence in the process of opportunity realization could provide a meaningful integrative perspective. This research may shed light on understanding of new business creation and creating focused mindset and actions in the emergent process of resource combination. The theory is intended to be useful to practitioners and educators in confronting obstacles for opportunity realization.

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