EXPLORING NEW OPPORTUNITIES BY HIRING (SUMMARY)

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Recommended Citation

Available at: http://digitalknowledge.babson.edu/fer/vol26/iss14/10

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SUMMARY

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Principal Topic

I investigate the degree to which the hiring of an experienced scientist contributes to a significant technological repositioning, and, by that, to the exploration of new opportunities and evolution of a firm’s capabilities. I do so by examining the conditions under which their influence varies and the duration of mobile scientist effect.

Method

To test these questions I use an event history data structure of a population of 857 dedicated U.S. biotechnology firms, and developed a multidimensional technological space for the U.S. biotechnology industry, between the years 1973-1999. I then analyze the changes in the distributions of hiring firm patent citation in this space, over its life-cycle. The events include information on the number, timing, and sequence of events in days. Firms in my sample were involved in 1,066 events of significant technological repositioning. I then followed the employment and patenting histories of 7,482 scientists involved in the patenting activities for those firms. Overall, I identified 2,538 mobile scientists who were involved in 2,643 mobility events.

Results and Implications

The findings cast the prior literature on exploring new opportunities through personnel mobility in a new light. Despite arguments that mobility presents opportunities for cross-fertilization and knowledge integration, the results show that mobility does not significantly impact knowledge integration. Further, whereas the bulk of this literature asserts that for new knowledge to facilitate change in the adopting system it must be proximate to existing knowledge, these results indicate that significant change occurs through hiring individuals with distant knowledge. Furthermore, the results demonstrate that more attention should be given to understanding the context from which the individual is recruited, as well as the context into which the scientist enters. Specifically, research should move beyond examining firm level characteristics to process and team level characteristics of the hiring firm. Finally, prior literature was premised on the notion that hiring talent may have a long term effect on a firm’s capabilities; however, these results suggest that mobility has a short term effect on change. To sum up, these results offer an alternate way to view the challenges of gaining and changing capabilities at the organizational level by accessing external knowledge through the hiring of experienced talent.

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