CHARACTERISTICS OF OPPORTUNITIES AND EXPLOITATION IN CLOSED AND OPEN INNOVATION (SUMMARY)

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CORPORATE ENTREPRENEURSHIP

SUMMARY

CHARACTERISTICS OF OPPORTUNITIES AND EXPLOITATION IN CLOSED AND OPEN INNOVATION

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Principal Topic

Entrepreneurial opportunities have long been a focus for entrepreneurship scholars. Discussions have been on whether opportunities are created or discovered and how they come into existence. Little examination has been devoted to how the characteristics of the opportunities influence the way they are exploited. This paper aims to examine how characteristics of entrepreneurial opportunities shape their subsequent exploitations by entrepreneurial firms. Our theoretical starting point is the two distinct modes in which companies can exploit and commercialize a new opportunity: open or closed innovation.

Research on open/closed innovation has mainly examined the exploitation of opportunities from the perspective of how characteristics, capabilities and strategies of firms influence the choice of open or closed innovation mode. Scarce research has been devoted to understanding how the nature of the opportunity itself influence this choice. Opportunities can vary in several dimensions, including their novelty, source, knowledgebase, and relatedness to other firm activities. We propose that the characteristics of the opportunity influence the mode of exploitation chosen by the firm.

Method

To identify opportunities to be included for the analyses, we rely on archival data. Norwegian firms conducting R&D qualify for tax-credit on R&D expenditures, provided that they submit an application in detail explaining the nature of the opportunity they aim to develop and commercialise through innovation. These applications constitute an identifiable population of opportunities exploited by R&D active firms in Norway. The information were coded into variables on opportunity characteristics, and open/closed exploitation modes. Regression analyses were run to examine relationships between opportunity characteristics and mode of exploitation.

Results and Implications

The contributions of this study are threefold: First, it addresses an understudied area within the innovation literature related to the role of opportunity characteristics in the decision of open/closed innovation. Second, it adds to the entrepreneurship literature by seeking to understand how characteristics of the opportunity influences the decision of organizing mode. Taking the opportunity as the unit of analysis, we study the interaction between opportunity characteristics and firm level capabilities and resources in opportunity exploitation. Third, by bridging literatures on entrepreneurial opportunities and open/closed innovation, we respond to calls for larger integration of entrepreneurship and innovation literatures.

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