

How habitual entrepreneurs engage in opportunity search and recognition

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Principal Topic

Many successful ventures start with opportunity search and recognition. This is regarded as a major stage in the entrepreneurial process. While "opportunity" has been a popular area of research for entrepreneurship scholars, not much is known about how habitual entrepreneurs undertake this process. Habitual entrepreneurs are different from novice or other single-venture entrepreneurs primarily because they are involved in multiple businesses. MacMillan (1986) observed that although they continue to own the business, they prefer to employ professional management and then turn and start other ventures. This process is then repeated many times throughout their entrepreneurial careers. Since these habitual entrepreneurs have had the opportunity to learn how to efficiently and swiftly overcome the stumbling blocks they encountered in their first efforts, MacMillan argues they build an "experience curve" in entrepreneurship. He then issued a challenge that "to really learn about entrepreneurship, let's study habitual entrepreneurs."

Methodology/Key Propositions

This paper investigates how habitual entrepreneurs look for opportunities, their heuristics and strategies in the pursuit of perceived opportunities and the role that family, networks and experience play in the process. It is proposed that being experienced entrepreneurs; habitual entrepreneurs would use a variety of sources and strategies in the pursuit of perceived opportunities. This study uses a multiple case approach. Preliminary case selection entailed searching for databases that held information on multiple business ownership from government institutions, libraries, business organisations, etc. This was followed by a search of featured entrepreneurs from business periodicals and other publications in order to ensure that those selected were actively practising entrepreneurs. From the database a list was drawn to find 15 cases for the interviews. The selection was made with the aid of business publications and in consultation with people who have knowledge of the business community. In keeping with purposive sampling, certain entrepreneurs were targeted and in cases where referrals can be obtained from people known to the entrepreneur, the researcher actively sought them for access. Where possible, the sample of 15 cases was selected from a cross section of industries and businesses. Generally, the 15 cases were of prominent business people, who were quite well-known in business circles. The participants owned at least three businesses. Every effort was made to try and select respondents from across different industry sectors. Approximately 40% of the interview sample appear or have appeared in the New Zealand Business Review Rich List. The case study involved an in-depth interview of up to three hours. The questions were fairly open-ended and allowed the respondent to discuss the different issues at length as they wished.

Results and Implications

Case study results show that habitual entrepreneurs engage in continuous environmental scanning for possible opportunities. They are also likely to deliberately seek out opportunities that particularly interest them. There is evidence that family is as much a hindrance to their business aspirations although providing inspiration at the same time. Family and business networks are also sources of information and resources.

Although their decision criteria include tangible attributes such as: on-going revenue stream, good growth prospects, industry considerations, partner involvement, etc., they also consider opportunities based on gut feeling, serendipity, challenge and the stimulation that opportunities bring. Many of the participants believe that experience has taught them valuable lessons that encourages them to do better next time.

This study gleans into the experiences of habitual entrepreneurs and sheds some explanation on how and why experienced entrepreneurs pursue particular opportunities and not others. Habitual entrepreneurs are an important phenomenon because they have acquired valuable experience that maybe useful for nascent and novice entrepreneurs. MacMillan (1986) argues that entrepreneurial experience should form the basis of entrepreneurship studies and classification of entrepreneurs.

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