Corporate opportunity recognition and innovative exploitation competencies

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Abstract

To be successful in opportunity recognition and innovative exploitation of opportunities or new product development, a firm requires some core competencies that enable the firm to perform better than competitors. In this research we interviewed 63 middle managers that their jobs were related to opportunity recognition, innovation and new product development. To identify core competencies for innovation opportunities recognition and exploitation, we classified the corporate entrepreneurship process to some stages and Sub-stages. Based on face to face interview we identified skills and competencies required for each sub stage in the process. Based on research results, core competencies could be classified to three classes including: Physical properties competencies, knowledge competencies, organizational competencies, and Human resources competencies. To empower corporates in opportunity recognition and innovative exploitation of opportunities through new product development, we can start from most important competencies, by gradually creating and modifying all competencies, in each sub stage for all types of competencies, we can create competitive and effective competencies for opportunity recognition and innovative exploitation of those opportunities.

Key words:
Opportunity recognition, Opportunity exploitation, new product development, & Competencies**.**

Extended abstract

Introduction

Opportunity is a situation in which an entrepreneur has the belief that with recombination of resources it is possible to gain profit (Shane 2000). Any possibility of creating new means-ends or changing existing means-ends is opportunity (Shane & Eckhardt, 2003). Opportunity recognition include three phases: first perception of market needs, second finding a way to adopt market needs and organizational competencies, third creating a new method to adopt unrelated market needs and organizational competencies (Christensen, 1989). There is a positive relationship between or corporate entrepreneurship and entrepreneurial opportunity recognition and exploitation (Hayton and Kelley 2006).Park in his research identified that opportunity recognition could be a complex, interactive process involving three main components, the founding entrepreneur, the knowledge and experience of the firm and technology (Park John S. 2005). Core characteristics of firms are the main sources of competitive advantage (Prahalad, 1993). Competency includes any knowledge, skill and characteristics that enable a business to perform successfully (Sanghi, 2004). In corporate entrepreneurship competency could be defined as observable effective behaviors in entrepreneurial roles (Hayton and Kelley 2006).

Competencies are the main sources of differentiation in industry (Hong-hua and Yan-hua 2009). Updating competencies is a necessary to sustain competitive advantage (Abdullah and Sentosa 2012). Competencies enable the organization to identify opportunities and respond to environmental changes effectively (Hayton and Kelley 2006).

Dynamic capabilities of a firm is its ability in creating new way of introducing new product to market (Zahra,2006). In a turbulent environment to be successful firms need to anticipate future changes and act in time (Medina,Garrido,2005). The ability to do this, systematically is dynamic capability (Teece,2009). In current unstable era, dynamic capability is an important issue for firms (Teece,2014). Dynamic capabilities of an organization is its potential in systematic problem solving and creating resource centered changes in market (Bareto, 2010). An organization to use its dynamic capabilities in identifying and exploiting entrepreneurial opportunities, needs complimentary resources (Jantunen, 2005). The companies have realized the need for corporate entrepreneurship. Thus the entrepreneurial thoughts have penetrated in the administrative structures, because the growth, dynamics and survival of the modern organizations depend on the performance of organizational entrepreneurship (khakbaz & Mohammadkazemi, 2011).

Research objective: This research aimed to identify competencies required for corporate opportunity recognition and innovative exploitation if opportunities in food industry. Research questions are: First, What are the competencies required for corporate opportunity recognition in food industry? Second, what are the competencies required for corporate innovative exploitation if opportunities in food industry? Third, what are the main types of firm competencies?

Research method

Research method is qualitative. The objectives of this research are to: Build and conduct a study on competencies required for corporate opportunity recognition and innovative exploitation if opportunities in food industry. Based on an interview with corporate middle managers involved in the innovative opportunities recognition and exploitation such as marker research managers, research and development managers, customer relationship managers, sales managers and quality control managers process to identify organizational internal factors that are determinants of competitive advantage. Developing a framework that can assist corporations to develop entrepreneurial competencies required enables them in identifying and exploiting market opportunities.

Statistical population: The Statistical population and target respondents were middle managers of food industry in Tehran province who involved in innovation projects for new product development. Both successful and unsuccessful practices considered in the study.

Method of Data Collection: Research data collected by face to face interview. The respondents were asked to specify the skills required for identifying and exploiting market opportunities. Also respondents were asked to specify obstacles and barriers and competencies required to cope with them.

Analysis

The primary focus of this research was to provide an answer to the following research questions:

1- What are the required competencies for corporate opportunity recognition in food industry?

2- What are the required competencies for innovative exploitation of corporate opportunities in food industry?

Characteristics of the Sample

The following tables present general information about sample. We interviewed 63 corporate middle managers who involved in the process of opportunity recognition and exploitation.

Table 1: positions of respondents					
R & D	Marketing research	customer relationship	sales	quality control	sum
14	12	10	16	11	63

Table 2: Work experience (year)					
Years of experience	More than 20	16 to 20	11 to 15	6 to 10	Fewer than 5
Frequency	24	16	11	8	4

Table 3: Level of education			
Undergraduate	Master	PhD	sum
14	46	13	63

Table 4 presents core competencies in opportunity recognition and exploitation. To identify corporate core competencies in opportunity recognition and exploitation, we classified this process to stages and sub stages.

1. Market opportunities recognition:

Unsatisfied market needs and Imperfect response to market needs

2. Research and development:

Pre-feasibility study, Identifying market needs specifications, Technical design, Prototyping and Prototype / Pilot testing ad Market test and feasibility study

3. Exploitation

Obtaining legal clearance, Funding, Production line setting, Organizing and training, Market targeting and distribution channel selection. Distribution organizing, Production and sale.

Table 1: core competencies in opportunity recognition and exploitation		
Corporate entrepreneurship stages	Sub-stages	Competencies
Market opportunities recognition	Unsatisfied market needs	Needs identification
		Market scanning
		Interpersonal communication

		Customer interview
		Social network
		Database search
	Imperfect response to market needs	Customer value expectations identification
		Market agents interview
		Value analysis
		Social network
		Competitors monitoring
Research and development	Pre-feasibility study	Intuition
		Guess and estimation
	Identifying market needs specifications.	Product design
		Social network
		Product performance assessment
	Technical design.	Computer aided design
		Computation
	Prototyping and Prototype / Pilot testing.	Manufacturing skills
		Assembly skills
		Testing skills
	Market test and feasibility study	Identifying key customers
		Interpersonal communication
		Filed survey
		Social network
		Financial analysis
		Statistical data analysis
Exploitation	Obtaining legal clearance	Knowledge of law
		Knowledge of government structure
		Social network
	Funding	Financial analysis
		Social network
	Production line setting	Technology knowledge
		Infrastructure knowledge
		Computation knowledge
	Organizing and training	Activity and task design
		Job design
		Mentoring and coaching
	Market targeting and distribution channel selection	Market niche identification
		Distribution skills
	Distribution organizing	Social network
	Production and sale	Contracting

Conclusion

To be successful in opportunity recognition and innovative exploitation of opportunities or new product development, a firm requires some core competencies that enable the firm to perform better competitors. In this research we interviewed middle managers related to opportunity recognition and innovative new product development. To identify core competencies for innovation opportunities recognition and exploitation we classifies the new product development to some stage and sub- stages. Based on an in-depth interview we discovered skills and competencies required for each sub stage in the innovation process. Based on research results, Core competencies could be classified to three classes including:

Physical properties competencies such as: Physical infrastructures, Machinery, equipment and work space.

Knowledge competencies such as: Technical and market data banks, Know-how and technology.

Organizational competencies such as: organizational structure, processes, systems, public image, culture, networks, financial credit, and strategy.

Human resources competencies such as: Attitude, motivation, knowledge, skills, experiences and networks.

To empower corporate entrepreneurially in opportunity recognition and innovative exploitation of opportunities, we can start from most important competencies by gradually creating and modifying all competencies, in each sub stage and for all types of competencies. Then we can create a sustainable competitive advantage in opportunity recognition and innovative exploitation of opportunities through new product development.

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