

Understanding Entrepreneurship: A Wealth of Opportunities

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Abstract

Entrepreneurship is perceived as vital instrument for sustainment of any economy and its international progress. Moreover, recognizing and choosing appropriate opportunities for new ventures is one of the most significant skills of an accomplished entrepreneur. On the other hand, entrepreneurs recognize opportunities for creating and delivering value stakeholders in the future businesses. Whereas, components of an opportunity might be identified, opportunity are created and not discovered.

This research presents an existing platform of entrepreneurial opportunity recognition and its development and employs Dubin's (1978) theory building framework. The research critically reviewed various theories proposed by several authors in order to gain superior knowledge of entrepreneurial opportunities. The research is based on secondary data sources. Moreover, this research has employs Dubin's (1978) theory building framework in order to recognize entrepreneurial opportunities and their development. Finally, conclusion was made and area for further research has been suggested in order to support the feasibility of the subject.

Keywords: *Entrepreneurship, Opportunity, Ability, Uncertainty, Innovation.*

1. Introduction

Entrepreneurship is perceived as vital instrument for sustainment of any economy and its international progress (Timmons, 2008). Whereas, governmental institutions, academic institutes and

business corporations are seeking methods to support the enhancements of entrepreneurship opportunities, the actuality is that majority of new ventures do not succeed (Shane, 2008).

Recognizing and choosing appropriate opportunities for new ventures is one of the most

significant skills of an accomplished entrepreneur (Stevenson et al, 1985). Subsequently, describing the exploration and enhancement of opportunities is a vital component of entrepreneurial research (Venkatraman, 1997).

Entrepreneurs recognize opportunities for creating and delivering value stakeholders in the future businesses. Whereas, components of an opportunity might be identified, opportunity are created and not discovered. Exhaustive exploration of market requirements and being sensitive towards them in addition to possessing the competence for identifying optimal employment of resources and assets can assist an entrepreneur to begin to enhance on an opportunity. However, enhancement also includes creativity of an entrepreneur. Hence, opportunity enhancement has to be the spotlight instead of opportunity identification. The demand or resources that have been identified can turn into a business until they are enhanced.

This research is made on an existing platform of theory based empirical research in the field of entrepreneurial opportunity recognition and its development and employs Dubin's (1978) theory building framework.

1.1. Problem Statement

Majority of research performed until now is based on the discovery model of entrepreneurship. This model perceives that an opportunity is pre-existent and is an economic activity. These researches hence focus on when, why and how these activities are located. There are 2 drawbacks to this model. The first drawback is that by

spotlighting on the relationship among the particular financial, business or individual features, not much can be known about the procedures by which the opportunity is created. Moreover, majority of these approaches do not view then as emergent, but instead they assume an opportunity to be a static function (Kirzner, 1997). Nevertheless, the truth is that majority of ventures deviate from their initial approach (Shane, 2008). However, still not much is known about the process of emerging of an opportunity. Secondly, majority of these studies do not place much priority on their role of individual conduct and activity in developing and forming entrepreneurial in a given period of time. A fresh approach of research, under which this article is placed, is commencing to deal with these drawbacks.

1.2. Aims and Objectives

The objectives of the research are:

- To study entrepreneurial opportunity
- To examine the hypothetical and realistic studies concerning recognition and enhancement of entrepreneurial opportunities
- To build a theory construction model for entrepreneurial opportunities recognition

2. Literature Review

2.1. What Are Entrepreneurial Opportunities?

Generally, the term entrepreneurial opportunity is the prospect for new financial value that can arise from competitive limitations in the marketplace

(Alvarez & Barney, 2007b; Kirzner, 1997; Schumpeter, 1934). Schumpeter had put forward 5 types of entrepreneurial opportunities: the beginning of new products (or development in quality of current products), the beginning of a new way of manufacturing, the beginning of a new market, the possession of a latest resource of raw materials, or the construction of a latest kind of Business Corporation (Casson, 1982; Schumpeter, 1934). According to Eckhardt and Shane (2003), tender a somewhat additionally precise description of entrepreneurial opportunities as those circumstances under which latest merchandise, services, raw produces and management processes can be initiated by means of the creation of new approaches.

2.2. Definition of Opportunity Recognition

The notion of entrepreneurs identifying opportunities has occupied to a 3 class classification (Sarasvathy et al., 2003; Miller, 2007) the method through which it takes place: (1) Opportunity recognition implies to connecting identified merchandise with dynamic demand to employ of a previously recognized prospect; (2) Opportunity detection begin with a recognized supply and profits in exploration of an unidentified stipulation, or from a recognized stipulation that motivate investigation for an unidentified supply; and (3) with opportunity formation, the demand or supply is non-existent previously and the entrepreneur engages to create them.

2.3. Entrepreneurial opportunities vs. Organization Creation

According to Shane and Venkataraman, (2000), the research on entrepreneurial opportunity is identical to the research on organization formation. The dissimilarity lies in the intensity and subject of research. Aldrich and Kenworthy (1999) purported that the research of organization creation arises mainly due to environmental and evolutionary customs and it occurs when the element of analysis is the organization or individual of any organization. Consequently, this line of research inspects universal intensity enhancement such as origin or continued existence rates (Aldrich et al, 1987) with a prominence on organization formation, performance and continued existence (Aldrich and Pfeffer, 1976). On the contrary, Corbett (2007) stated that the research of entrepreneurial opportunity is likely to inspect the industry plan or proposal as the element of examination.

Researchers who research entrepreneurial opportunity glance at such issues such as the ways in which industry opportunities can be revealed (Eckhardt and Shane, 2003) or formed (Alvarez and Barney, 2007a) and their determinants (Minniti, 2004) and the relative issues that assist or delay those enhancements (Dew et al, 2004).

2.4. Opportunity Creation Perspective

Of lately, a number of scholars have argued that opportunity might not be present in anticipation of entrepreneur's action to generate them (Alvarez & Barney, 2007a; Baker & Nelson, 2005). By illustration on enactment theory of Weick (1979),

this research advocates that opportunity do not outcome from exploration and innovation (or recognition) only, but relatively s from achievement. For instance, according to Sarasvathy (2001) opportunity materializes from entrepreneurs 'selection and choice regarding a specified deposit of assets, somewhat during the overt execution of a pre-planned course. Moreover, Baker and contemporaries have established that assets themselves are not a specified but are frequently fashioned by entrepreneurs (Baker and Nelson, 2005).

3. Research Methods

The present research is entirely based on secondary data. Furthermore, the research has employed Dubin's method for constructing the theory. Dubin (1978) had provided an inclusive method that is particularly useful for applied management. The 8 stages of Dubin's theory construction are:

- 1) Components of theory
- 2) Laws of intersection
- 3) Limits of theory
- 4) System states
- 5) Propositions of theory
- 6) Empirical indicators
- 7) Hypotheses
- 8) Empirical study

The initial 5 stages of the method reflect structure of the model and the final three stages reflect the empirical verification. Even though researchers have to understand the complete application of model for successful theory construction, theory

construction and empirical studies ate frequently distinct from one another.

3.1. Limitations of the Research

According to Dubin (1978) the limits of a theory is the area over which the theory is likely to be relevant. The limit of theories differentiates from their conjectural fields in terms of features of the world not dealt in the theory. Moreover, important similarities subsist amid the business formation process of autonomous start-ups and domestic business enterprises (Van de Ven, 1996). Consequently, the field inside which the research premise is likely to embrace is the field of new company formation and growth, both as autonomous business as well as new businesses formed out of active businesses.

4. Analysis and Results

The present chapter explains the enhancement of the theory of opportunity recognition by employing the initial 5 stages of Dubin's method for theory construction.

4.1. Units of the theory

The elements of the theory are the presumptions, the structural elements, from which the theory is build. To decide the concept to be incorporated in the theory, the research paper re-examined past studies on opportunity detection and other pertinent studies published in important scholarly periodicals and yearly seminar events in discipline like marketing, enterprise management, societal psychology, finances, organizational behaviour and business theory.

The study point out that the studies comprises of numerous connected concepts, that are frequently confused with others for instance opportunity growth, opportunity identification, and opportunity assessment. Opportunity might also be assessed numerous times throughout the growth period.

4.1.1. Units of the theory: the enhancement process

4.1.1.1. Opportunity

In general, an opportunity may have the possibility to fill up a marketplace requirement (or importance or desire) throughout an inventive mixture of assets to transport greater worth to the customers (Schumpeter, 1934; Kirzner, 1973; Casson, 1982). However opportunity portrays a variety of phenomena that start randomly and turn out to be more enhanced by time. According to Kirzner (1997), as its rudimentary structure, what might afterwards be identified as an opportunity' might emerge as an imprecisely distinct marketplace requirement or under engaged assets or capability. The second aspect might comprise fundamental technology, invention for that has no clear market, or information for goods and services. Hippel and Franke (1998) purported that potential clientele might or might not be able to be expressive of their requirements, welfare, or inconveniences. Nevertheless, if potential clientele are not able to do so, they might yet be able to identify the worth to them in a new entity when they are offered and have its function and advantages described. Opportunity distinguished from the viewpoint of potential clientele symbolizes the worth required.

4.1.1.2. Opportunity enhancement

Opportunity start as straightforward concept that turns out to be more complicated as entrepreneurs enhance them. These procedures involve practical labours to a large extent similar to that of latest product enhancement, but the enhancement procedure at this point produces a whole business, not merely merchandise (Pavia, 1991). The situation here leaves from previous studies (Kirzner, 1973) that consider opportunity identification mainly to be a procedure to discover anything that is previously produced. The research looks upon opportunity enhancement as an incessant, practical procedure indispensable to the development of a company.

4.1.1.3. Opportunity recognition

Opportunity improves as persons form rudimentary information into complete business plans. However, the process of opportunity enhancement is theoretically different from opportunity appreciation or classification. Majority studies in entrepreneurship describe that opportunity recognition has 3 different procedures:

- To sense or perceive market requirements and/or under engaged assets
- To recognize or discover a fit amid specific market requirements and particular assets
- To create a latest fit amid different requirements and assets in the structure of a business idea (Hills, 1995; De Koning, 1999).

These procedures symbolize correspondence, insight, innovation, and formation and not merely identification (Christensen et al., 1989; Conway and McGuinness, 1986).

4.1.1.4. Opportunity evaluation

According to Timmons et al (1987), opportunity is assessed at every phase of their enhancement, even though the assessment may be unofficial or even tacit. Persons may unofficially follow investigation of supposed market wants or assets (together with invention) until deciding either that these permit no additional deliberation, or that additional official detection of the likelihood is suitable. This assessment might not be conversed to others in anticipation of a demand that is made for assets to increase additional examination.

4.1.2. Units of the theory: factors affecting the process

Additionally, we require recognizing main factors that influence the process. The review of past studies indicates that scholars have put forward a few aspects that manipulate the way an opportunity is recognized and enhanced by entrepreneurs. Amid the main aspects argued in the literature are:

- Entrepreneurial awareness
- Information irregularity and previous information
- Detection against decisive exploration
- Community network
- Individuality personality, as well as risk-taking, sanguinity and self effectiveness and imagination.

4.1.2.1. Entrepreneurial alertness

Kirzner (1973) employed the expression awareness to describe entrepreneurial identification of opportunity. Ray and Cardozo (1996) purported that any identification of opportunity by a potential entrepreneur is heralded by a condition of sensitive awareness to information. They describe this situation as entrepreneurial awareness, and describe it as an inclination to become aware of and be susceptible to information concerning matter, event, and outline of behaviour in the surroundings, with particular understanding to manufacturer and customer inconveniences, un-met requirements and welfare, and original amalgamations of assets.

4.1.2.2. Information asymmetry and prior knowledge

Individuals are liable to become aware of information that is connected to information they previously are acquainted with (Von Hippel, 1994). Hence, Shane (1999) stated that entrepreneurs will determine opportunity since prior information starts identification of the worth of the latest information.

4.1.2.3. Accidental discovery versus systematic search

In latest period, numerous scholars have confronted this approach and argue that individuals do not look for for opportunity, but, relatively, ensue to be familiar with the worth of latest information, that they ensue to obtain. Kirzner (1997), described that the aspect differentiate innovation (pertinent to previously unidentified earnings opportunity) from thriving

investigation (pertinent to the calculated construction of information that an individual knows that there is a deficiency of) is that the previous (different from the latter) engrosses the disclosure that accompany the awareness that one had ignored as an aspect that was as a fact voluntarily obtainable.

4.1.2.4. Social networks

Entrepreneur network is significant to opportunity identification (Hills et al, 1997). They support their proposition on the power of frail ties, which argue that frail ties (as well as informal connections) are connections to information source not essentially enclosed inside an individual's strong tie arrangement (as well as associates and relatives).

4.1.2.5. Personality traits

A number of cognitive studies have placed persistence on individuality traits of an entrepreneur and their involvement to the accomplishment of entrepreneur's venture. Supported on the review, we wrap up that past studies present support for the function of 5 main factors in the opportunity recognition and enhancement procedure: awareness, originality, sanguinity (correlated to self effectiveness), community network, and previous acquaintance. While the substantiation concerning the function of official search is, generally, pessimistic, entrepreneurial awareness emerges to be a extra influential notion. The association amid opportunity recognition and individuality traits other than originality and sanguinity seem to be frail.

4.1.2.6. Kind of opportunity

Besides the 5 aspects recognized in the review, we consider that the procedure of opportunity enhancement might be different amid 4 kinds of opportunity described by the matrix in Figure. 2. This matrix, modified from the literature on originality (Getzels, 1962), differentiates among different kinds of opportunity on the basis of their source and level of enhancement. Market requirements or worth required might be recognized (familiar) or unknown (unfamiliar). Value formation ability might be distinct or indeterminate. Distinct value formation ability includes universal stipulation of academic, individual, monetary and/or material assets (for instance, universal stipulation for manufactured goods or services). The matrix value required might symbolize inconveniences and value formation ability might correspond to solutions.

4.2. Laws of Interaction

The relations between the concepts (component) of a presumption are explained in the theories' laws of interaction (Dubin, 1978). The laws of interaction illustrate the way change in a single or a few components of the theory affect the residual component. The subsequent interactions among the components are hypothesized below:

- There exists interaction amid community network and awareness. As Hills et al. (1997) have established, the intense network (the more allied an individual is), the superior is awareness to possible victorious entrepreneur opportunity.

- The higher the concentration of entrepreneur in 1st domain (explicit region of individual curiosity, pastime, etc.), the superior the awareness (Sigrist, 1999)
- When 1st and 2nd Domains unite, awareness is amplified (Sigrist, 1999)
- There is an incessant interaction amid an individual's knowledge foundation, and the opportunity enhancement procedure. This is a consequence of in an step by step learning procedure, explained by Argyris and Schoen (1978) to be a dual loop education, and in the improvement of a knowledge passageway, explained by Ronstadt (1988), that guides to finely tuned awareness to latest opportunity.

4.3. System States

Dubin (1978) describe a system state as a condition wherein all the components of any system employ attribute values that have perseverance throughout time, in spite of of the span of the time period. The entire system components encompass values that are quantifiable and distinguishing for that condition of the system. A system state that precisely symbolize a situation of the system being modelled has 3 features: (a) extensiveness (every component of is incorporated in the system state), (b) perseverance (the affiliation amid components continue extensively adequately to permit the integrity of fittingness amid them to be firm), and (c) uniqueness (all components acquire exclusive value with regards to the system state). It is supposed that the representation suits all the 3 needs, as: (a) it embraces all the significant

components (in any case, every unit recognized to be important based on past studies on opportunity recognition), (b) the relations amid all the components explained in Figure. 3 are long-term relations, and (c) there exists no intersection of value among any particular component (a unique value can be positioned on each component).

4.5. Propositions

Propositions are rational inferences concerning any functional theory. Since they are declarations that are rationally copied from the theories, propositions can be empirically tested (Dubin, 1978). We have created 8 propositions from the theories of opportunity recognition:

1st Proposition:

An elevated intensity of entrepreneurial awareness is linked with effective opportunity identification and enhancement.

2nd Proposition:

Effective opportunity recognition is linked with the subsistence and employment of an comprehensive community network, which comprise of 4 rudiments: frail ties, achievement set, affiliation, and internal loop. The dearth of any rudiments reduces the likelihood of effectiveness.

3rd Proposition:

For effective opportunity recognition, a union of both the knowledge realms comprising of both the particular interest knowledge and business knowledge is significant. with no union there is a lesser likelihood of effectiveness to be present.

4th Proposition:

Presence of understanding of markets augments the probability of effective entrepreneurial opportunity identification.

5th Proposition:

Presence of understanding of purchaser inconveniences augments the probability of effective entrepreneurial opportunity identification.

6th Proposition:

Presence of understanding of approaches of serving markets augments the probability of effective entrepreneurial opportunity identification.

7th Proposition:

Superior degree of entrepreneurial awareness is connected to Superior degree of entrepreneurial originality and sanguinity (supported by self effectiveness).

8th Proposition:

The opportunity recognition procedure creates an increase in understanding of the entrepreneur and augmentation in awareness that leads to the recognition of prospective business opportunity. Therefore the superior the amount of beforehand victorious opportunity recognition measures, the more is the likelihood of prospective successful opportunity recognitions.

5. Conclusion

The research has undertaken the first take in creating a basis for opportunity recognition by employing Dubin's approach of theory enhancement. Moreover, the research assumes opportunity recognition as a several phase procedure wherein the entrepreneurs have a practical role. Furthermore, the research has put forward that the procedure is affected by both individual and situational variations. In the existing form the theory happens to be presenting ample scope for research in the procedures of opportunity recognition and enhancement.

Future research

The final 3 stages of Dubin's method are employed to carry out an empirical study. For this purpose, the researcher recommends empirical indicatives for creating propositions and presenting a theory regarding the expected values and the links amid the components of the theory and carry out a study for testing the expected values and their associations.

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