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Authors: Per DAvidsson Queensland University of Technology, Marcello Tonelli Queensland University of Technology

Submitting Author Contact Information:

Per Davidsson

QUT, Australia

per.davidsson@qut.edu.au

Killing A Darling: Letting Go of "Entrepreneurial Opportunity" and Putting "New Venture Idea" in Its Place[1]

Abstract

We support Shane and Venkataraman's (2000) basic idea of an "entrepreneurship nexus" where characteristics of the actor as well as those of the "opportunity" they work on influence action and outcomes in the creation of new economic activities. However, a review of the literature reveals that minimal progress has been made on the core issues pertaining to the nexus idea. We argue that this is rooted in fundamental and insurmountable problems with the "opportunity" construct itself, and demonstrate the state of confusion in the literature caused by inconsistent use of the construct within and across works and authors. As an alternative, we suggest the admittedly subjective notion of New Venture as a more workable alternative. We provide a comprehensive definition and explanation of this construct, and take steps towards improved conceptualization and operationalization of its subdimensions. With some further work on these conceptualizations and operationalizations it will be possible to implement a comprehensive research program that can finally deliver on the promise outlined by Shane and Venkataraman (2000).

Introduction

Shane and Venkataraman's (2000) seminal paper *the Promise of Entrepreneurship Research* emphasized the importance of *entrepreneurial opportunities* and introduced the notion of the *individual-opportunity nexus.* The latter notion makes the point – as a reaction to prior literature – that entrepreneurial action and outcomes are not determined solely by the characteristics of individuals involved, but also by the qualities of the "opportunities" they pursue, and the fit between actor and "opportunity".

Since the publication of the paper – which won the Academy of Management Review's Decade Award for best cited contribution (Shane, 2012; Venkataraman, Sarasvathy, Dew, & Forster, 2012) – a rather sizable literature on "entrepreneurial opportunities" has emerged (Short, Ketchen Jr, Shook, & Ireland, 2010). For entrepreneurship research this marks a sound redirection. By gearing the attention to opportunities rather than the management problems of established small firms, researchers have come to put the focus on the early stages of creation of new economic activities, which arguably is an area where entrepreneurship research can make a more distinct contribution to the broader fields of economic and organizational studies. Further, highlighting "opportunities" alongside entrepreneurs has helped the field move away from overly person-focused explanations of entrepreneurial phenomena.

However, although a few brilliant exceptions exist, our thorough review of the "entrepreneurial opportunities" research stream suggests it has made very little progress on several core questions. For example, how can statistically and/or theoretically representative samples of "opportunities" be obtained? What are the salient attributes of "opportunities"? How can these attributes be measured? What direct and actor-moderated effects do these attributes have on entrepreneurial action and outcomes? In order to make further theoretical and empirical progress towards realizing the important research program implied by Shane and Venkataraman's (2000) nexus idea, these issues concerning the non-actor part of the nexus need to be resolved.

We argue that the relative lack of theoretical and empirical progress on these core questions is rooted in problems with the "opportunity" construct itself. This is particularly true for the application we have in mind here: a construct representing what entrepreneurs are "working on" through the process from first initiation of the process until the outcome is known to be abandonment or the successful establishment of a new economic activity. Thus the construct has to allow for process and change; be applicable at different stages of the process, and to cases with successful as well as unsuccessful eventual outcomes. In a companion paper (Anonymous, forthcoming), we have criticized the "opportunity" construct for *lack of construct clarity* (Suddaby, 2010), problems with *inherent favorability,* and (resulting) problems of *non-testability* of theoretical propositions relying on current conceptualizations of "opportunity". In the present paper we elaborate on how and why "entrepreneurial opportunity" has become a hindrance to progress in entrepreneurship research rather than facilitating it. We do this by showing that the "conversation" (Huff, 1999) on "entrepreneurial opportunities" is not as productive as it should be because 1) the use of the construct (and auxiliary terms) is inconsistent across authors and works; 2) individual authors' use of the construct is inconsistent over time (without showing clear progression); and 3) inconsistencies in the application of the construct also abound within individual works. Our illustrations of these problems include many examples from some of the most frequent and prominent contributors to this field of research. This, we argue, underscores that the problems are rooted in the construct itself; it appears impossible for anyone to come up with a defensible notion of "entrepreneurial opportunity" which can be applied consistently and in a way which is useful for the purpose of developing testable, micro-level theory about entrepreneurial processes.

Therefore, we suggest a carefully defined and explained construct, *New Venture Idea,* as a realistic replacement of "entrepreneurial opportunity" in such applications. We hold that this is a much less contentious and much more coherent and workable construct with a clear definition and accompanying specifications of essential properties, scope conditions, and delimitations regarding time and analysis level (Suddaby, 2010). Further, we take important next steps by identifying and discussing a range of attributes or characteristics of New Venture Ideas. Our hope is that our contribution will facilitate future contributions towards operationalizations and further refinements of conceptualizations of characteristics of New Venture Ideas, allowing progress in the direction of realizing a research program along the lines of Shane and Venkataraman's (2000) ideas of the entrepreneurship nexus.

Vagueness and Disagreement among Authors

In preparing for this research we started from the 68 works reviewed by Short et al. (2010). Applying their criteria we identified another 61-109 (depending on the strictness of the criteria) relevant works published in the same set of journals after Short et al. had finalized the selection for their review. To this we added a few other sources, e.g., the 2007 special issue in *Small Business Economics;* some non-journal works by key contributors to the research stream and review articles evaluating aspects of this research stream. This paper is based on a review of these works.

It has been concluded before that few authors define "entrepreneurial opportunities" and that when they do the definitions vary considerably. For example, Hansen, Shrader and Monllor (2011) identify not one but six different signifying "themes" in published definitions of "entrepreneurial opportunities". Our more comprehensive review confirms this basic finding, although we would describe the differences slightly differently. Table 1 displays and comments on a representative set of definitions found in the literature. Across these definitions the most fundamental divide that emerges is that between "opportunities" as a set of external (objective) conditions, and that of "opportunities" as subjective ideas, which in successful cases are brought into realization. Although both of these may be important in entrepreneurial processes, they are very far from being "the same" in any meaningful way, and everything from theoretical propositions to operationalizations and estimated results would be completely different depending on which viewpoint were taken.

Table 1. Examples of definitions of "Entrepreneurial Opportunities"

	Definition	*Comment*
1.	None.	Approximately 80 percent of reviewed articles do not offer a definition
2.	[S]ituations in which new goods, services, raw materials, and organizing processes can be introduced and sold at greater than their cost of production (…) Entrepreneurial opportunities (…) require the discovery of new means-ends relationships (Shane & Venkataraman, 2000:220; cf. Shane, 2012:15)	Opportunity is external, objective and pre-exists discovery (but are unequally accessible to different actors). The definition implies inherent favorability; for-profit; innovation, and a "user pays" revenue model
3.	[A] set of environmental conditions that lead to the introduction of one or more new products or services in the marketplace by an entrepreneur or by an entrepreneurial team through either an existing venture or a newly created one (Dutta & Crossan, 2005, p. 426)	Similar to the above. Explicitly broadens actor and organizational context (relative to individual/ independent de novo start-up). Note the deterministic "lead"
4.	Opportunity exists when competitive imperfections exist in product or factor markets (Alvarez, Barney & Anderson, 2012:2)	Seemingly similar to the above, but "Creation Opportunities" are the successful end product of the entrepreneur's actions rather than the pre-existing, external starting point. The authors view markets as social constructions.
5.	[T]he chance for an individual (or a team) to offer some new value to society, often by introducing innovative and novel products or services by creating a nascent firm. These opportunities contain the possibility for economic gain as well as the possibility for financial loss for the entrepreneur(s) pursuing the idea (Lee & Venkataraman, 2006: 110)	The definition illustrates ambiguity/indecision as regards external/objective ("chance…to offer" vs. "idea"); innovativeness and organizational context ("often" x and y), and inherent favorability ("chance…value" vs. "gain…loss")
6.	[A]n idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative (Short et al., 2010: 55)	Illustrates ambiguity/indecision as regards what an opportunity is (create/discover a dream?), especially *across time.* Increasing objectivity and (known) favorability over time is implied
7.	[T]he chance to introduce innovative (rather than imitative) goods, services, or processes to an industry or economic marketplace (Gaglio, 2004: 534)	Appears to refer to external conditions; explicitly limited to innovative endeavors
8.	[A] feasible, profit-seeking, potential venture that provides an innovative new product or service to the market, improves on an existing product/service, or imitates a profitable product/service in a less-than-saturated market (Singh 2001:11)	"Potential venture" appears to refer to an elaborate idea rather than an objective, external situation; yet it is somehow known to be feasible. Delimits to for-profit but explicitly allows for imitative ideas – if applied to specified market context
9.	[A]n idea for an innovation that may have value after further investment (Kornish & Ulrich, 2011: 107)	In this definition the opportunity label is very clearly applied to subjective ideas.
10.	[A]n unexploited project which is perceived by an individual to afford potential benefit (Casson & Wadeson, 2007: 298)	This definition specifies the favorability of the "opportunity" as subjectively perceived. By using "benefit" rather than "profit' the definition allows, e.g., for social entrepreneurship
11.	[P]rojected courses of action to introduce (and profit from) new and/or improved supply-demand combinations that seek to address market failure problems (Grégoire, Shepherd & Lambert, 2010:117)	Similar to (10) with even stronger action path focus; requires a degree of innovation; introduces intentionality as regards profit and addressing market failure
12.	[A] future situation that is both desirable and feasible, regardless of the resources currently under the control of the entrepreneur (Wood & McKinley, 2010: 68)	Taken literally, opportunity is neither a current situation nor an idea, but a future situation. Like in other cases, known favorability ("feasible") can be challenged when time is considered.

The definitions also vary in other essential properties and scope conditions (Suddaby, 2010). Some are seemingly blind to process whereas others emphasize evolution or project-like, action-path properties. In some views the opportunity exists at the beginning of the process, in others it is its end product. Some apply a more aggregate view, where several actors can pursue the same opportunity, whereas others view the opportunity as unique to each case. The requirements for intentionality and innovativeness vary, as do the specification of actor and organizational or industry/market contexts. We suspect that many of these differences occur for well-intended, considered reasons. Depending on the theoretical (and/or moral) vantage points, researchers may be reluctant to lend the label "entrepreneurial" or "opportunity" to something which is not innovative and/or does not perform the function of improving the performance of the economic system (such as creating societal value, correcting market failure or serving a non-saturated market rather than re-distributing wealth through socially destructive endeavors or making vain efforts to enter an already crowded market with an uncompetitive start-up). The result, however, is that we end up not knowing at early stages of the process whether the "opportunity" label can be applied (Dimov, 2011) and in arrears we lack a label for what the entrepreneurs "worked on" in cases that ended up being imitative or non-feasible; generated income streams in other ways than selling outputs above the cost of inputs, or failed to create social value or the correction of market failure problems.

The confused state of the conversation on entrepreneurial opportunities is further illustrated by Table 2, which illustrates the bewildering variety of auxiliary terms that appear in immediate conjunction with "opportunity" in the reviewed literature. It is also common that the same author uses several similar terms – e.g., recognize, identify, notice, discover – interchangeably within the same manuscript.

Table 2. Examples of what opportunities "are" or "can be" in the reviewed literature

Existence/Nature		*Perception/Search*		*Evaluation/Action*	
Available	Real	Believed	Occurring	Adapted	Legitimized
Apparent	Subjective	Compared (to	Perceived	Analyzed	Made
Arising	True/False	prototype)	Recognized	Abandoned	Maximized
Emerging	Uncertain	Conceived	Searched for	Captured	Objectified
Enabled	Unsubstan-	Defined	Seen	Chosen	Presented
First or third	tiated	Detected	Sensed	Constructed	Pursued
person kind	Viable	Envisioned	Subject to:	Developed	Realized
Fleeting		Found	- awareness	Enacted	Refined
Genuine		Framed	- conjecture	Evaluated	Responded to
Indicated		Groped for	- ideas	Executed	Selected
Legitimate/		Identified	- insight	Exploited	Seized
Illegitimate		Imagined	- intention	Expressed	Shaped
Motivated		Interpreted	- intuition	Formed	Transformed
Objective		Missed	- one's exposure	Generated	Transitioned
Present		Noticed	Unperceived	Implemented	Utilized
Opened up		Observed		Instantiated	

Note: Sample references for each entry can be obtained from the authors.

It is also interesting to note that among the 80 percent who do not provide a definition – thereby failing the "bare minimal standard of construct clarity" (Suddaby, 2010:347) – a significant proportion define other terms that are central to their papers. This suggests that researchers sometimes actively avoid providing a definition of "entrepreneurial opportunity" because they are unsatisfied with definitions provided by others and cannot come up with a self-crafted one that correctly captures the complex phenomena they want to discuss.

Inconsistencies "within" authors over time

Undoubtedly, researchers are entitled to learn and change their views over time. However, the fact that they do not use the same definition over time – if they publish several works on "opportunities", and if they provide definitions at all – also reinforces the impression that they are aware of the many inherent problems with the "opportunity construct" and are struggling to deal with them. Because Scott Shane has published more works in this research stream than any other researcher, and been one of the most willing to define the construct, his case provides the best illustration of this issue (see Table 3).

Table 3. Examples of "within-author" drift in meaning of "opportunity" over time

Work	*Definition*
Shane (2000: 451)	Entrepreneurial opportunities are opportunities to bring into existence new goods, services, raw materials, and organizing methods that allow outputs to be sold at more than their cost of production
Shane & Venkataraman (2000: 220)	[S]ituations in which new goods, services, raw materials, and organizing processes can be introduced and sold at greater than their cost of production
Eckhardt & Shane, (2003:336 [I+II+III]): Shane & Eckhardt (2003: 165 [I+II]; Eckhardt & Shane (2012: xx [I only])	I: [S]ituations in which new goods, services, raw materials, and organizing processes can be introduced through the formation of new means, ends, or means-ends relationships. (cont. II) These situations do not need to change the terms of economic exchange to be entrepreneurial opportunities, but only need to have the potential to alter the terms of economic exchange. (cont. III) In addition, unlike optimizing or satisficing decisions, in which the ends that the decision maker is trying to achieve and the means that the decision maker will employ are given, entrepreneurial decisions are creative decisions. That is, the entrepreneur constructs the means, the ends, or both.
Shane (2003: 18)	[A] situation in which a person can create a new means-ends framework for recombining resources that the entrepreneur believes will yield a profit.
Baron & Shane (2007: 39)	[A] situation in which a person can exploit (i.e., develop) a new business idea that has the potential to generate a profit.
Nicolaou, Shane, Cherkas, & Spector (2009: 109)	[Opportunity recognition is the identification of] a chance to combine resources in a way that might generate a profit
Eckhardt & Shane (2010: 49)	[S]ituations in which new goods, services, raw materials, markets and organizing processes can be introduced for profit
Shane (2012: 15)	[S]ituations in which it is possible to recombine resources in a way that generates a profit. (He also repeats the Shane & Venkataraman, 2000, definition)
Eckhardt & Shane (2012)	Unexploited profitable combinations of what is technologically feasible and market feasible. Exist independent of human perception. [the work also repeats the first part of the definition given by Eckhardt & Shane (2003a)]
Grégoire & Shepherd (in press)	[S]ituations (set of circumstances) relevant for introducing new or improved products, services, or ways of doing business to better serve the needs of consumers in one or more market(s)

The wording of this set of definitions over time arguably reflects toiling with the fundamental issue of the objective, pre-existing vs. subjective-imagined-created nature of opportunities; whether or not to explicitly restrict the definition to for-profit endeavors; the degree of certainty with which the feasible and profitable nature of an opportunity can be known/should be assumed; the extent to which innovation ("new means-end relationships") is emphasized, and whether to delimit the actor side only to single individuals (as in the original notion of an *individual*-opportunity nexus in Shane & Venkataraman, 2000). Interestingly, the development is not one of progression but of meandering and in the end full circle, when the authors return to the heavily criticized, original notion of opportunities as known to be feasible and profitable *ex ante* (since these qualities are assigned to *unexploited* projects). To us, this latter definition makes the notion of "entrepreneurial opportunity" strictly inadequate for theorizing and testing concerning on-going or future venture creation attempts with unknown outcomes.

Shane (and Eckhardt) are not the only authors who have felt a need to tweak their definition with almost every publication. In fact, it is hard to find examples in the literature of any authors who provide the same definition twice or more. In Table 1 we find two definitions by Venkataraman (2 and 5), which differ quite markedly regarding the essential properties of "opportunities". In Table 2 we have included a last entry by Grégoire and Shepherd, which deviates from their earlier definition in Table 1 (11). This felt need to constantly query their own definitions – by some of the most prominent researchers in our field, who are also leading contributors to the opportunities research stream – is arguably a reflection of how inherently challenging the notion is, and goes a long way to explain why others refrain from providing a definition at all.

Inconsistencies within works

There are also abundant examples of authors contradicting themselves within the same work when they are discussing "entrepreneurial opportunities". Such inconsistencies are likely to be much more frequent in works where no definitions is provided; however, it is hard to evaluate the consistency of an argument when the author does not specify what it is that they are describing or discussing. In Table 4 we provide a selection of different types of inconsistencies concerning definition, essential properties, scope conditions, and time (Suddaby, 2010). Again, many of the examples are found in works by very accomplished authors and key contributors to research on "entrepreneurial opportunities".

These examples are yet another illustration of how inherently difficult the "opportunity" construct is to work with. What our review has led us to conclude is that almost the only consistency to be found in research on entrepreneurial opportunities is inconsistency. To us, the fact that researchers fail to agree both with each other and with their own previously stated views, and that this problem extends to the leading researchers, strongly suggests that the problem is fundamental. The notion of Entrepreneurial Opportunity may be enticing, and it may be useful for teaching purposes, lay pep-talk, aggregate-level, abstracted theorizing, or historical case descriptions. However, it is so loaded with ambiguity and problematic connotations that it cannot serve as a foundational construct in addressing a core question in the field of entrepreneurship research: How do characteristics of actors and of "that, on which they act" independently and jointly shape action and outcomes in processes of attempted creation of new economic activities? In order to address that question, we argue that we need to start afresh with a less loaded, less contentious, more comprehensively defined and explained, and more empirically operable construct. This is what we turn to next.

The Alternative: New Venture Ideas

New Venture Ideas (NVIs) are "imagined future ventures" or, more precisely, *the evolving, changing and usually implicit and incomplete outlines of a future venture that give direction to action in processes of attempted creation of new economic activities* (cf. Anonymous, forthcoming). "Actions" here include the decision not to try to implement the idea. Under varying labels ([new] [venture] idea; business idea/concept; entrepreneurial idea/concept/conjectures; initial opportunity beliefs, or opportunity ideas) similar notions appear in prior literature interchangeably with or as an early-stage version of the "opportunity" – and occasionally as the main construct – but typically without much conceptual elaboration or justification. The latter is what we hope to provide. We choose "venture" rather than "business" to make the notion more inclusive. What we have in mind is a cognitive precursor to new economic activities in any organizational and market context, where "economic" refers to productive use of resources and thus is considerably broader than "commercial".

Table 4. Examples of within-work inconsistencies in the meaning of "opportunity"

More than one (own or adopted/accepted) definition is provided where the definitions do not agree on essential properties of an "opportunity" (Smith, Matthews & Schenkel, 2009: 41 vs. 42; situation vs. information; Casson & Wadeson, 2007: 298 vs. 285-6; favorability perceived vs. objective; opportunities existing with/without perception).
Opportunities are defined as objective, external situations [that lead to the introduction of one or more new products or services in the marketplace] although later in the text they are described as evolving ideas that may change or be abandoned (Cardon, Foo, Shepherd & Wiklund, 2012: 2 vs. 6; Dutta & Crossan, 2005: 426 vs. 436-8).
Opportunities are defined as objective, external situations and yet entrepreneurs can choose to sell their opportunity to another actor (Shane & Venkataraman, 2000: 220 vs. 221, 224).
Opportunity is defined as "feasible" yet eventually abandoned because the entrepreneur no longer believes in it (Wood & McKinley, 2010: 68 vs. 71, 75).
Opportunity is defined as an objective, external situation yet also discussed – and operationalized – as a subjective idea (Hmieleski & Baron, 2008: 285 vs. 286, 291, regarding the "discovery opportunity" side of their study).
Alvarez et al. (2012) assert that their definition of opportunity as a competitive imperfection in product or factor markets is not contingent on actual realization of economic wealth (p. 2), yet also assert that "creation opportunities" only exist after they are enacted in an iterative process of action and reaction (p. 8), which begs the question what other criterion than the realization of economic wealth it is that marks the existence of such opportunities.
Entrepreneurial opportunities are situations that "allow outputs to be sold at more than their cost of production" yet four of the eight cases so labeled did not generate profit and one was abandoned because the idea was not technologically feasible (Shane, 2000: 451 vs. 455).
Opportunity is defined to mean the chance to introduce innovative (rather than imitative) goods, services, or processes and yet there are also "imitative opportunities" (Gaglio, 2004: 434 vs. 435).
New technologies (or other macro-level shifts like demographic or regulatory change) are sometimes described as opportunities in themselves whereas at other times that label is used for specific applications of said technologies (Eckhardt & Shane, 2010: 49 vs. 61; Shane, 2003: 34 vs. 24; levels inconsistency).
An opportunity is a chance "to introduce" something but also remains an opportunity after it has been introduced, as long as it generates profit (Eckhardt & Shane, 2010: 49 vs. 54; Shane & Venkataraman, 2000: 220 vs. 221; time inconsistency).
An opportunity is defined as "competitive imperfections in product or factor markets" and "creation opportunities" are said only to exist "after they are enacted in an iterative process of action and reaction" (no market imperfection existed at the start of the process; it is created by the actor), and yet the "opportunity" label is also applied to an early stage, unproven idea (Alvarez et al, 2012, pp. 2, 8, 10; cf. Alvarez & Barney, 2007, different parts of p. 15; time inconsistency)

New Venture Ideas are clearly subjective and thus quite different from objectivist notions of "opportunities" as sets of external circumstances. We do not deny the existence and importance of external conditions. However, we hold that as a micro-level companion to the actor, for most types of study NVI is theoretically and empirically a much more workable construct than is the highly contentious and problematic notion of "opportunity". NVIs are the content – but not the evaluation – of what others may have called "opportunity recognition", "discovery", "perception of opportunity", "opportunity ideas" or "initial opportunity beliefs". It is a cognitive construct reflecting what the Actor is aiming to create, rather than denoting the emerging venture itself as it gradually materializes. The intended new activity need not be innovative but it must concern introduction of new competition to a market (where it can affect customers, incumbents, and potential followers, or close equivalents thereof, rather than representing an idea for optimization of the actor's current activities (Davidsson, 2004; Shane & Venkataraman, 2000). NVI is a venture level construct, and well-articulated New Venture Ideas can be codified and transferred – albeit probably not completely without change or reinterpretation – to other actors as an emerging venture changes organizational home and/or human champions. An NVI exist as soon as it is cognized by someone, although it may be rudimentary and malleable. It is in operation from the first venture creation activity until the attempt is either given up, or the new economic activity has been established in the market. Beyond that point, what guides the now established venture is not an NVI. Allowing reflections of real-world processes, NVIs are not fixed, pre-existing entities but evolving ones. During the process, the NVI can change and become more elaborated. Importantly, the notion of New Venture Ideas does not imply any favorability, and an actor's identification of an NVI does not require positive evaluation thereof. NVIs can turn out to be good or bad, but there will never be a need to take back that the NVI was "unsubstantiated", "false" or not "genuine" as authors frequently feel a need to do when discussing "opportunities" that did not lead to success (Hmieleski & Baron, 2008; Mullins & Forlani, 2005; Randøy & Goel, 2003).

We hold that the above represents a construct with much greater clarity (definition; specification of essential properties and scope conditions; coherence, etc; see Suddaby, 2010) than anything hitherto offered in the literature on "entrepreneurial opportunities". As a *label* for the subjective perceptions that guide entrepreneurial action we find NVI to be preferable to the problematic notion of "opportunity" [ideas/beliefs] because of the latter alternative's inescapable connotation of favorability. We also hold that the above represents a more comprehensive description of this notion than what has previously been presented under the same or other labels. For example, the nature, characteristics, and role of "conjectures" in "Discovery Theory" has never been worked out in any detail (Shane & Venkataraman, 2000; Eckhardt & Shane, 2012). In terms of the *content* of the construct, we believe our notion of NVI offers something which can actually be sampled, researched, and related to action and outcomes in prospective, micro-level studies of new venture creation, whereas the notion of opportunities as sets of external circumstances present insurmountable challenges in these regards. For one thing, at the start of an entrepreneurial process, both actors and researchers are unlikely to be able to identify and articulate the confluence of external circumstances that triggers behavior, and even less able to specify the external circumstances that are going to affect outcomes. By contrast, although their cognitive status and evolving nature will create challenges, we hold that NVIs can be articulated by actors and meaningfully assessed by researchers at various stages of venture creation processes.

The meaningfulness of using what we call NVIs as separate (from actors) entities that can explain action and outcomes in entrepreneurial processes has been challenged from the most "objectivist" as well as the most "subjectivist" ends of prior literature on "entrepreneurial opportunities". As regards the former, Shane (2012) holds that if we put subjective ideas rather than objective, actor-independent "opportunities" into the equation, there is no "entrepreneurship nexus" because ideas are functions of the individuals behind them, and thus the entire explanation ultimately is based on the individual. To this we respond that the same actors work on different NVIs in parallel or across time, with varying results (Ucbasaran, Westhead, & Wright, 2006). It would seem likely that some of this outcome variance is attributable to inherent differences in the quality of the NVIs and in their fit with the actors. Therefore, assessing characteristics of NVIs is meaningful even if they do not have actor-independent existence. Further, we agree with Shane (2012) that NVIs are different from his notion of entrepreneurial opportunities. However, we hold that the NVI construct for many purposes have considerable analytical advantages beyond the already mentioned issues of allowing sampling and measurement. Consider, for example, the ideas behind the freesheet *Metro* (en.wikipedia.org/wiki/Metro_International) or the *Ice Hotel* (www.icehotel.com). The set of external circumstances that help determine the fate of these concepts – what makes them "opportunities" or not – would vary across space and time, and the "opportunity" status of the concepts would also vary by actor (Shane, 2000). By contrast, the NVIs behind them would have measurable characteristics, the fit and success-driving ability of which could be assessed across actors, location, and time. This, to us, is the very essence of the brilliant idea of an entrepreneurship nexus (Shane & Venkataraman, 2000; Eckhardt & Shane, 2010) – to be able to assess how characteristics of the actors and of an identifiable "other" part of the package independently and jointly affect action and outcomes in entrepreneurial processes.

At the subjectivist end of the spectrum (Dimov, 2010; 2011; Sarason, Dean & Dillard, 2006) it is argued that "opportunities" – which are conceptualized more in line with our notion of NVI – are idiosyncratic to the actors and cannot be meaningfully discussed without them. Although the interdependence between the actor and the NVI may in some sense be descriptively true (and important for some theoretical and practical purposes) we again emphasize that meaningful assessment and comparison of characteristics does not require actor-independent existence. We think a central task for researchers is to develop powerful abstractions that allow us to transfer insights from one context to another. In other words, we think the time has come for entrepreneurship research to develop a body of common language and common knowledge to describe the characteristics of New Venture Ideas. Strong conceptualizations of such characteristics, which also allow effective operationalizations, will aid the development and testing of theory about a range of issues that are of central interest to entrepreneurship research and practice. For example, what characteristics of NVIs are likely to trigger successful and less successful action, i.e., are some NVI characteristics associated with systematic over- or under investment of entrepreneurial effort and investor capital? What types of NVIs are more likely to originate in and/or be successfully exploited in which organizational contexts? What is the relative importance and interactive effects of different NVI characteristics for action and success among particular types of actors? To be more concrete: Can we justifiably advise graduating entrepreneurship students to pursue highly innovative NVIs in their first, full-time entrepreneurial endeavor? For what aspects or stages of the venture creation process is high novelty an advantage and a disadvantage, respectively? A systematic program of research will be needed in order to answer such questions. In the remainder of this paper we take steps towards identifying a set of measurable characteristics of NVIs that can be further refined, extended, and applied in future research.

Some Tentative Characteristics of New Venture Ideas

Several attempts to conceptualize and measure single characteristics of what we label NVIs already appear in the entrepreneurship literature, although the previously described ambiguity and vagueness surrounding the 'opportunity' construct is reflected in the investigation of its constituents. An exercise in finding promising candidates for NVI characteristics can also draw on other literatures, not least Strategy (e.g., Dutton & Jackson, 1987) and Innovation (e.g., Rogers, 1995). However, we have not been able to identify any comprehensive effort to outline the salient, generic attributes of NVIs (under any label). Further, the direct applicability of conceptualizations from earlier literature within and outside entrepreneurship is restricted by our request that the conceptualizations apply to what we see as the core contribution of entrepreneurship research, namely to be able to explain the journey from non-existence to established existence (or pre-operational abortion) of new economic activities in the marketplace. Therefore, a conceptualization of NVI along distinct dimensions that are individually quantifiable is a challenging task. We see our effort merely as a starting point from which to build, realizing that it is possible that characteristics we suggest may be in part conceptually overlapping; sub-optimally organized; omit important aspects of NVIs, and in some instances turn out to be hard to apply in empirical research. For example, in order for measures to validly reflect properties of the NVI without biasing influence of the key actors' optimism and (lack of) knowledge it may be necessary to get (possibly quite costly) actor-independent estimates from other sources. In distilling the key dimensions of the NVI we focus on characteristics that we believe will meaningfully apply to a majority of NVIs and which can be meaningfully manipulated in experimental research as well as assessed empirically at various stages of development of on-going venture creation processes. When we use the term "New Venture Idea" or NVI it is typically our labelling rather than the cited authors' choice of term.

Characteristics of the NVI "itself"

Novelty. Novelty – or innovativeness – is probably the NVI characteristic that is best developed in prior literature, which explicitly discusses and suggests operationalizations both to *type* and *degree* of novelty. Dewar and Dutton (1986) made the familiar distinction between incremental and radical innovations empirically identifying depth of knowledge resources, organizational size, and complexity as different predictors, whereas Gaglio and Katz (2001) include imitation at the low end of a similar categorization. Low and Abrahamson (1997) conceptualize novelty slightly differently, namely by which industry context (from emerging to mature) the new venture enters. With varying degrees of sophistication, Fiet (2002), DeTienne and Chandler (2004) and Samuelsson and Davidsson (2009) assessed degrees of total novelty.

Building on Schumpeter's (1934) five types of novelty, Dahlqvist (2007; cf. Dahlqvist & Wiklund, 2012) and Hill and Birkinshaw (2010) independently developed operationalizations that consider the type of innovation. Recently, Senyard, Baker, Steffens and Davidsson (in press) refined Dahlqvist's work to assess four dimensions of novelty of NVIs in nascent ventures, namely in terms of product/service; producing/sourcing; marketing approach, and target market selection. They applied the measures both separately and as an index of total novelty, thus addressing both degree and type of novelty. Gatignon, Tushman, Smith and Anderson (2002) developed and tested measures of another familiar categorization of type of novelty, namely competence-enhancing vs. competence-destroying. The above mostly concerns conceptualizations and operationalizations that are meant to be applicable across a broad range of contexts. Cliff, Jennings and Greenwood (2006) represent an interesting attempt at a radically different approach, namely to develop a measure of a particular type of innovation (organizational), customized to a particular industry. Worth of attention is also the work of Amit and Zott (2001), who discuss Novelty as one of their four dimensions of successful business models for e-business. However, in our conceptualization both "efficiency" and "complementarities" also represent types of novelty (new, more efficient processes; new "bundle" in the market offering). In total, there is a fair amount of conceptual and empirical work to build on as regards assessing the extent and impact of novelty of NVIs.

Appropriability. This is the condition under which one party can prevent others from capturing the returns from the exploitation of an NVI (Levin, Klevorick, Nelson & Winter, 1987). Under different labels this dimension appears frequently in studies on "opportunities" and business models (e.g., Amit & Zott, 2001; Holmén, Magnusson & McKelvey, 2007). Clearly, intellectual capital protection potential (Eckhardt & Shane 2010) is a major component of this attribute as *"markets for opportunities are facilitated when patents are effective means of protecting intellectual property"* (Eckhardt & Shane 2010:68). Haynie, Shepherd and McMullen (2009) approached Appropriability from a Resource-Based Theory perspective, discussing the VRIO properties of NVIs (rarity and inimitability being particularly relevant). Amit and Zott (2001) identified “Lock-In” as a salient feature of some successful business models and operationalized it in terms of switching costs and network externalities. Smith et al. (2009) zeroed in on the tacitness vs. codification aspect of Appropriability, using items available in the Panel Study of Entrepreneurial Dynamics data set, which also contains simple indicators of intellectual property protection (Gartner, Shaver, Carter, & Reynolds, 2004). We know of no effort of operationalizing Appropriability of NVIs comprehensively with a multi-item scale.

Scalability is an NVI characteristic of great practitioner (e.g., investor) concern, which seems to have attracted limited scholarly attentions, Lumpkin, Moss, Gras, Kato and Amezcua (2011) being one of few studies applying it. Mahnke, Venzin and Zahra (2007) touch on related issues under the label “location specificity”. We think this construct may have considerable potential. As we see it, scalability is not just about upsizing potential, but has two important dimensions. With a Lego metaphor, we may think of the first as *brick size.* This refers to the minimum size at which a new venture can viably enter the market and the size of the increments by which it can expand.

Davidsson (2012) offers some speculation about this in terms of the production cost for a short series. Under current technological solutions, nuclear power vs. solar cells or wind turbines illustrate the difference in brick size. The other sub-dimension is *total potential* or *magnitude,* i.e., how many bricks there is room for. This latter notion is somewhat contentious because of *ex ante* non-knowability challenges and potential overlap with successful outcomes, similar to the notion of objective, pre-existing “opportunity”. Acknowledging that no perfect assessment of total potential can be made at early stages, we suggest that it may be meaningful to assess variance in estimated total potential and that such assessments of volume do not guarantee profitability. The NVIs behind the publications *The Big Issue* and *Metro* both had excellent scalability in principle, but both failed miserably in some other locations after their initial success (Dacin, Dacin & Tracey, 2011). Note also that brick size and total potential need not be positively correlated; some NVIs may imply only one or a few large bricks whereas others can have small brick size but almost unlimited potential for cloning.

Scope. By this we mean the breadth vs. narrowness of what the new entity is aiming to introduce, e.g., in terms of product/service range; type of customers served, and geographical coverage. We have found a single study that has applied this construct in a context similar to what we are focusing on (Davidsson, Hunter, & Klofsten, 2006). We suspect this is a dimension which may be particularly challenging to compare when using observational data across heterogeneous samples of NVIs. However, it may be useful in research on more homogenous samples and in studies involving experimental manipulation. If the absolute scope of NVIs cannot be validly compared it may still be possible to assess the extent to which the NVI broadens or narrows in scope over time, which is what Davidsson et al. (2006) did with a relatively simple indicator.

Roger’s (1995) Innovation Adoption/Diffusion Attributes. Research on diffusion of innovations has distilled a small set of generic characteristics of innovations, which affect their rate of adoption and diffusion, namely *relative advantage, compatibility, complexity, trialability and observability* (Rogers, 1995). With some adaptation, we believe some of these characteristics can be productively applied as NVI attributes as well. The catchall character and possible favorability bias of “relative advantage” may render it less useful. *Compatibility* represents *“the degree of consistency with existing socio-cultural values and beliefs, previously introduced ideas, and client needs”* (Rogers 1995:240). This covers a “softer” subdimension of cultural values, beliefs and preferences, and a “harder” one referring to existing technical systems, physical infrastructure, and the like. Haynie et al’s (2009) concept of *relatedness* seems to aim at similar things while sometimes a less precise notion of "general feasibility" has been used – and operationalized – to capture compatibility (Grégoire et al. 2010) among other things. *Complexity* is a "negative" characteristic referring to the extent to which the product or service offered is difficult to understand and use, or perceived to be so by potential users. In entrepreneurship, an adaptation to cover complexity as perceived by other stakeholders – notably external investors – may be advisable. *Trialability* is *"the degree to which an innovation may be experimented with on a limited basis"* (Rogers 1995:258). This would arguably also affect the ease with which a new venture can establish itself in the market. Davidsson (2012) speculates about a similar notion when discussing the significance of unit value to the user. If adapted to investors, the concept may overlap with the "brick size" side of Scalability. *Observability* is *"the degree to which the results of an innovation are visible to others."* (Rogers 1995:258). Although perhaps more important for expansion after introduction, this attribute may have indirect effects early in the process via, e.g., external investors' willingness to back the venture.

Risk and Uncertainty. Like Novelty, Uncertainty is a concept where there is a rich literature (or, rather, literatures) to draw on. However, it is also a characteristic which may prove particularly challenging to conceptualize and operationalize in a manner that can be widely accepted. What we are after is not the key actor's subjectively perceived uncertainty but the uncertainty of the NVI itself, and as with "total potential" above we may thread dangerously close to the idea of identifying and assessing objective, pre-existing "opportunities". This said, uncertainty should logically have important effects on entrepreneurial action and outcomes, so it is a dimension that should not be given up lightly. In some contexts it is conceivable that comparatively reliable, objective assessment can be achieved, e.g., when an NVI is highly dependent on things like currency exchange rates; stock prices or commodity prices, for which historical data provide precise volatility estimates. Like Novelty, Uncertainty may be assessed in terms of type and amount (in the latter case, the term *risk* may be preferable). Apart from voluminous other literatures on risk and uncertainty, we note a few starting points in prior work on "entrepreneurial opportunities" which may prove useful. Eckhardt and Shane (2012) highlight technical and market feasibility, where "risk" or "uncertainty" can easily be inserted instead of feasibility in order to make it an empirical matter of degree within each type. Similarly, Sarasvathy, Dew, Velamuri and Venkataraman (2003) discuss risk and/or uncertainty in terms of the supply side, the demand side, or both. We think it a potentially worthwhile exercise to try to identify or develop measures of the degree of uncertainty (or risk) for each of these main types. However, such an exercise should be open to the possibility that the notion of true, Knightean uncertainty, which is not measurable by definition, really applies in early stages of venture creation processes. For example, Alvarez et al. (2012) suggest such is the case with "Creation Opportunities". It may also be the case that strong conceptualizations and operationalizations of other NVI characteristics render separate assessment of risk or uncertainty superfluous, because the components that add up to total uncertainty have already been sufficiently covered.

Revenue Model. The business model literature (e.g., Amit & Zott, 2001) pays particular attention to the way in which the imagined new venture is supposed to generate revenues that ascertains sustained existence (and profit, in for-profit endeavours). The existence and type of revenue model is also likely to be a primary concern of external investors. As we noted above, some existing definitions of "entrepreneurial opportunity" implicitly assumes a "for-profit" business model with a "user pays" revenue model. We think a more open view of NVIs is preferable in order to allow for social enterprises that rely on mixed revenue systems (Foster & Bradach, 2005) but also to capture the variety of revenue models that exist – and which may appear in the future – among for-profit enterprises.

NVI Characteristics Linked to Process

Above, we defined NVIs as *the evolving, changing and usually implicit and incomplete outlines of a future venture that give direction to action in processes of attempted creation of new economic activities*. Thus, although an NVI can remain unchanged in principle during the process, it is likely to evolve. It is widely observed that the market applications for new (technical) ideas are rarely clear and unequivocal, and only emerge after substantial market experimentation (Chesborough & Rosenboom, 2002). We see two main dimensions here. The first is we tentatively label *Completeness.* This has to do with the NVI becoming more elaborated and more clearly worked out over time. Davidsson and Klofsten (2003) observe this dimension and develop a short index to assess it. While their sample was one of young firms the measure would arguably be applicable at an earlier stage as well. Douglas and Shepherd (2002) highlight a particular aspect of this dimension when discussing the notion of "investor readiness". The whole notion of "discovery opportunities" vs. "creation opportunities" can at least in part be re-cast as an issue of Completeness. The former are supposedly closer to implementation whereas the latter may require more agency on the part of the entrepreneur, such as changing seemingly "objective" obstacles through technological invention, political lobbying for regulatory change, or the creation of new "social constructions" (norms and preferences) in the marketplace (Alvarez & Barney, 2007; Alvarez et al., 2012). Conceptual models of stages development of innovations or new ventures also observe the issue of Completeness (or readiness; e.g. Bhave, 1994).

The second NVI characteristic linked to the process is *Amount of Change.* By this we mean changing some attribute not from undefined to defined (which would be an aspect of Completeness) but from one defined course of action to another. At least in some industry contexts the indication is that change to the NVI is both frequent and desirable (Klofsten, 2005; Furr, Cavarretta, & Garg, 2012). This is also supported by the notion of Effectuation as a new venture strategy (Sarasvathy, 2008). However, this may well be contingent on the type of venture, and curvilinear effects are also likely, such that excessive change is subobtimal. Currently, no comprehensive, validated measure to assess the Amount of Change of NVIs seems to be available. Such a measure could be subdivided further into dimensions of change like the types of Novelty discussed above.

NVI Characteristics Linked to the Actor

Depending on the purpose of the research, the fit or match between the actor and the NVI can be assessed as interaction effects of independently assessed actor and (actor-free) NVI characteristics, or through direct assessment of the degree of fit. We see two subdimensions here; *NVI relatedness to Actor Knowledge & Interests* and *NVI Relatedness to (Other) Actor Resources.* On the individual level, effects of relatedness to the actor's prior knowledge has been one of the most active and successful areas of research, albeit mostly limited to the "discovery" side of the process, with relative neglect of the "exploitation side" (Ardichvili, Cardozo & Ray, 2003; Grégoire & Shepherd, 2012; Shane, 2000; Shepherd & DeTienne, 2005). Aspects of McMullen & Shepherd's important distinction between 1st person and 3rd person "opportunities" can also be understood in these terms. However, no standardized measure of founder relatedness seems to exist. On the firm level, the construct (and measures) of Absorptive Capacity could be used here, at least as a starting point (Zahra & George, 2002).

NVI Relatedness to (Other) Actor Resources. With its focus on "Who am I? What do I know? Whom do I know" the Effectuation perspective pays at least some attention to other resources associated with the individual level actor (Sarasvathy, 2008). Otherwise, the issue of resource relatedness seems less emphasized in prior research on "opportunities" or new venture creation processes, although some authors emphasize the social context of idea development (Ardichvili et al., 2003; Gemmel, Boland, Kolb, 2011). On the firm level, Resource-Based Theory can serve as a main vantage point for developing more precise conceptualizations of the fit between NVIs and the organization in which they are developed or exploited. However, it should be noted that the entrepreneurship literature also offers a counterpoint to taking for granted that high resource relatedness is a good thing, namely Stevenson's notion of entrepreneurship as the relentless pursuit of opportunity without regard to resources currently controlled (Stevenson, 1984). Firm specificity, as discussed by Mahnke et al. (2007) is also about NVI relatedness to actor resources. We should here caution for the possible overlap with our previously discussed Appropriability dimension.

Conclusion

Shane and Venkararaman's (2000) "promise" article was a milestone in entrepreneurship research. Its emphasis on opportunities was a useful approximation which has served the field well for a decade by gearing entrepreneurship research towards studying the early stages of new venture development. This is a focus worth. It is only thanks to the research that has been undertaken during the last decade keeping under the "opportunity" label that we now can see the serious limitations of the opportunity construct as a guide for theorizing and empirical research. Above we have tried to explain why New Venture Idea (NVI) is a construct better suited to the role of implementing the research program on the "entrepreneurship nexus" that Shane and Venkataraman (2000) hoped to inspire, but which has been only very partially realized (Shane, 2012). We have offered a careful definition of NVI accompanied by an elaboration on its essential properties and scope conditions. We then progressed by taking steps to identify distinguishable, operationalizable, and potentially important characteristics of NVIs, whose direct and actor-moderated effects on entrepreneurial action and outcomes can be theorized and tested in future research. We realize that "[t]he field will be shaped by those who produce research that interests and attracts others" and that "[t]hose who believe they know the way forward need to do such work themselves" (Aldrich & Baker, 1997). However, we also hope that the ideas we have outlined will inspire others in joining us in that pursuit.

Endnotes

1. We apologize to the ACERE reviewers that we have not kept our manuscript within the 15-page limit and on this ground we suggest the paper *not* be nominated for any award.

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