OPPORTUNITY DISCOVERY VERSUS OPPORTUNITY CREATION AS DETERMINATES OF ENTREPRENEURIAL ACTION (INTERACTIVE PAPER)

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INTERACTIVE PAPER

OPPORTUNITY DISCOVERY VERSUS OPPORTUNITY CREATION AS DETERMINATES OF ENTREPRENEURIAL ACTION

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Principal Topic

The core of the origins of opportunity discussion is the ontological debate between whether opportunities are created independent of the individual and thus available to all (Kirzner, 1979), versus the subjectivist perspective arguing that opportunities are enacted through social construction and can not exist apart from the actor (Knight, 1921). This paper adds to the debate discussion by asserting that enacted and discovered opportunities are separate and distinct phenomenon and the exploitation of each type of opportunity is conceptually identifiable and empirically observable. As such, the purpose of this paper is to develop a theoretical framework that attempts to identify the conditions under which opportunities are discovery or creation type and to explain how the activities of an entrepreneur exploiting a discovered opportunity are likely to (or should) differ from the activities of an entrepreneur exploiting an enacted opportunity.

The level of perceived legitimacy and population density are identified as key differentiators of opportunities in the development of a conceptual model that identifies how the activities of the entrepreneur exploiting a discovery opportunity are likely to differ from the activities of the entrepreneur exploiting an enacted opportunity. For example, an entrepreneur operating under conditions of low legitimacy (creation opportunity) is likely to spend considerable time and resources convincing capital markets and potential stakeholders that the activities of the firm have a utility and value that warrants extensive resource commitments. Alternatively, the entrepreneur launching a new venture in an established industry (discovery opportunity) is much more likely to spend time and resources convincing potential stakeholders that the firm’s output is technologically superior or more efficient than current offerings. Similar relationships are conceptualized to exist between other types of entrepreneurial activities, such as ex-ante knowledge discovery versus creation and quantifying existing market demand versus enacting non-existent market demand.

This paper is expected to contribute to entrepreneurship theory by identifying the link between the nature of opportunity debate and observable environmental conditions and entrepreneurial behaviors, which bring us one step closer to developing empirically testable opportunity based research. For the practice of entrepreneurship, this research provides recommendations that highlight the importance of identifying the type of opportunity as a determinate of the activities that may be required to successfully exploit a discovered or enacted entrepreneurial opportunity.

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