

Misgivings about dismantling the opportunity construct



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ABSTRACT

The concept of entrepreneurial opportunity has become a fundamental entity organizing entrepreneurship research. Recently, however, the validity of the construct has come into question with scholars noting definitional fragmentation as highly problematic and advocating for dismantling the construct in favor of replacement concepts. This paper articulates misgivings over this movement by identifying several stumbling blocks it creates for the future of entrepreneurship research. These realizations are followed by the notion that agreeing the construct is representationally valuable and accepting systematic variation in construct definition as a function of clarified conceptualizations of the process underpinning entrepreneurship is a more advantageous equilibrium state. Specific benefits associated with a move in this direction are identified.

1. Introduction

A robust body of literature has solidified the construct of *entrepreneurial opportunity* as a “fundamental entity” (Kuhn, 2012) in entrepreneurship research (Short et al., 2010). Despite its demonstrated utility, there are notable challenges associated with the concept and several scholars have taken issue with the lack of definitional clarity and theoretical precision surrounding the opportunity concept. This has led some scholars to claim it is nothing more than linguistic innovation (Ramoglou and Zyglidopoulos, 2015) while others claim it is inherently elusive (Dimov, 2011) and thus suffers from an irresolvable construct clarity problem (Davidsson, 2015). Therefore, some insist that the *opportunity* construct be replaced with alternative concepts such as “new venture ideas, external enablers and opportunity confidence” (Davidsson, 2015; Davidsson, 2016) while others call for abandoning the construct altogether (Foss and Klein, 2012; Klein, 2008). These reactions are notable because they indicate a proclivity by entrepreneurship scholars to change the focus of the conversation rather than tackle the difficult questions presented by the opportunity concept.

In many ways, this is to be expected. The opportunity concept is essentially an umbrella construct that encompasses a range of dynamics that lead up to and include new venture formation. This is important because prior research has documented that umbrella constructs typically rise and fall along a predictable path. Hirsch and Levin (1999), for example, carefully map the evolution of umbrella constructs and document that as scholars grapple with ambiguous aspects of a construct, meaning becomes fragmented and the initial excitement about the construct's ability to represent complex phenomena wanes as murmurs of discontent grow around the diversity of definitions used to represent the phenomena. These murmurs often grow into full-scale attacks on the validity of the construct in the form of calls to pull back and reconsider the appropriate use of the construct. As the discussions above highlight, dynamics along these lines appear to be unfolding with the entrepreneurial opportunity construct.

This is insightful because Hirsch and Levin (1999) go on to conclude that when this happens, one of three equilibrium states unfold: (1) construct coherence – definitional fragmentation challenges are resolved; (2) permanent issue – agree the construct is

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representationally valuable and accept variation in definition; or (3) construct collapse – abandon use of the construct, usually in favor of multiple sub-elements. Viewed in this light, it is clear that efforts by some scholars to replace the construct with alternative concepts or to disband its use entirely are pushing for the equilibrium state of construct collapse. I have misgivings over this movement because it introduces several stumbling blocks for the future of entrepreneurship research. These are failures to consider (1) definitional fragmentation is the result of a lack of process clarity unsolved by dismantling the opportunity construct, (2) the construct represents the language used by entrepreneurs in the field and (3) authors who utilize the opportunity construct will increasingly incur the high costs of responding to challenges from the validity police. Considering these issues, I advocate a push towards “permanent issue” rather than “construct collapse” as a more advantageous equilibrium state. This article elaborates on these points and articulates some of the benefits of a shift in this direction.

2. Problems with pushing towards construct collapse

A construct is conceptual abstraction of phenomena that encompasses a shared set of observations (Babbie, 1992; Suddaby, 2010). Constructs are mental representations that reduce the complexity of reality to a level of comprehension. Constructs that do this well are adopted by many scholars, and as consensus builds around the value and utility of the construct, it becomes objectified – seen as an entity outside the minds of individuals (McKinley, 2005). The advantage of construct objectification is the consensus that underpins it provides legitimacy to phenomena as a topic of research. In entrepreneurship, legitimacy of the topic of study for the field was once of central concern until Shane and Venkataraman (2000) introduced the notion that by focusing on the construct of *entrepreneurial opportunity* the field could be both distinct and legitimate. This idea was so successful that the opportunity construct became a fundamental entity in guiding entrepreneurship research.

However, because constructs are mental representations, their power lies in consensus that the construct is a more accurate representation of the phenomena than competitors. Consensus, though, is fluid and constructs are subject to *de-objectification*, a situation that occurs when there is “a lack of consensus among scholars about the definition of the construct” (McKinley, 2005, p.101) and this highlights the subjectivity of the construct often resulting in construct collapse. Indeed, there are numerous definitional formulations of the opportunity concept and it appears that de-objectification of the construct is surfacing. Davidsson (2015), Foss and Klein (2012) and others assert that definitional fragmentation observed flows from inherent characteristics of the construct. That is, an elusive fundamental nature of the empirical reality surrounding the phenomenon coupled with the elasticity of the concept makes a unified definition of the opportunity construct unachievable (i.e., a construct clarity problem¹). In response, Davidsson (2015), perhaps unknowingly, advocates for construct collapse as a desired equilibrium state in the sense that he argues dropping the opportunity construct in favor of alternative concepts such as new venture ideas, external enablers and opportunity confidence.²

2.1. Unresolved process clarity

While I agree with Davidsson that definitional fragmentation is a potential problem, I disagree with the assumption that the reason for such fragmentation is the inherent elusiveness of the concept and that sub-dimension replacement constructs are the solution. My position is that the source of definitional fragmentation is not a lack of construct clarity, but rather it is a lack of process clarity. Entrepreneurship is a process (McMullen and Dimov, 2013) and there are many conceptual abstractions (i.e., models) of entrepreneurship as a series of activities (e.g., Bhave, 1994; Ruef, 2005). Some approaches see the process as non-linear (Sarathy, 2001) while others conceptualize it as a sequential set of phases that unfold over time (see Fig. 1). Regardless of the approach, process models pose challenges for empirical research because the process is decomposed into phases such as means, experimentation and commitments (Chandler et al., 2011) in the non-linear approach or identification, evaluation, and exploitation in the linear tradition (Shane and Venkataraman, 2000) under the guise that phases can be studied independently via a series of input-output analysis (cf., Wood and Williams, 2014). However, these phases lack clarity in the sense that they are loosely defined and fail to specify clear beginning and end points.

The implication is that as researchers study specific phases, the process approach necessitates ‘stretching’ the definition of ‘opportunity’ to operationalize the construct consistent with the conceptualizations of the phase under study (i.e., identification, developing, etc.). As this unfolds across many studies, a feedback effect is realized as variations in operationalization and measurement of the opportunity construct increase ambiguity (McKinley and Mone, 1998). Hence, the meaning of the opportunity construct becomes increasingly fragmented over time, but not because of characteristics of the concept, as Davidsson (2015), Foss and Klein (2012) and others have claimed, instead because of the manifestation of a lack of clarity around the process (Van de Van, 2007). This lack of clarity cannot be resolved by moving to replacement concepts. Any replacement concept would be regularly redefined to map onto the process in the same way the opportunity construct has, resulting in the very same definitional fragmentation the new concepts were supposed to eliminate. Essentially, replacements concepts take us right back where we started and in the case of Davidsson (2015), times three.

¹ This includes the inherent favorability aspect of the opportunity construct as discussed by Davidsson (2015) as a definitional conundrum.

² Notably, the word ‘opportunity’ appears in one of the replacement constructs, suggesting it has representational value even in a reconceptualization.

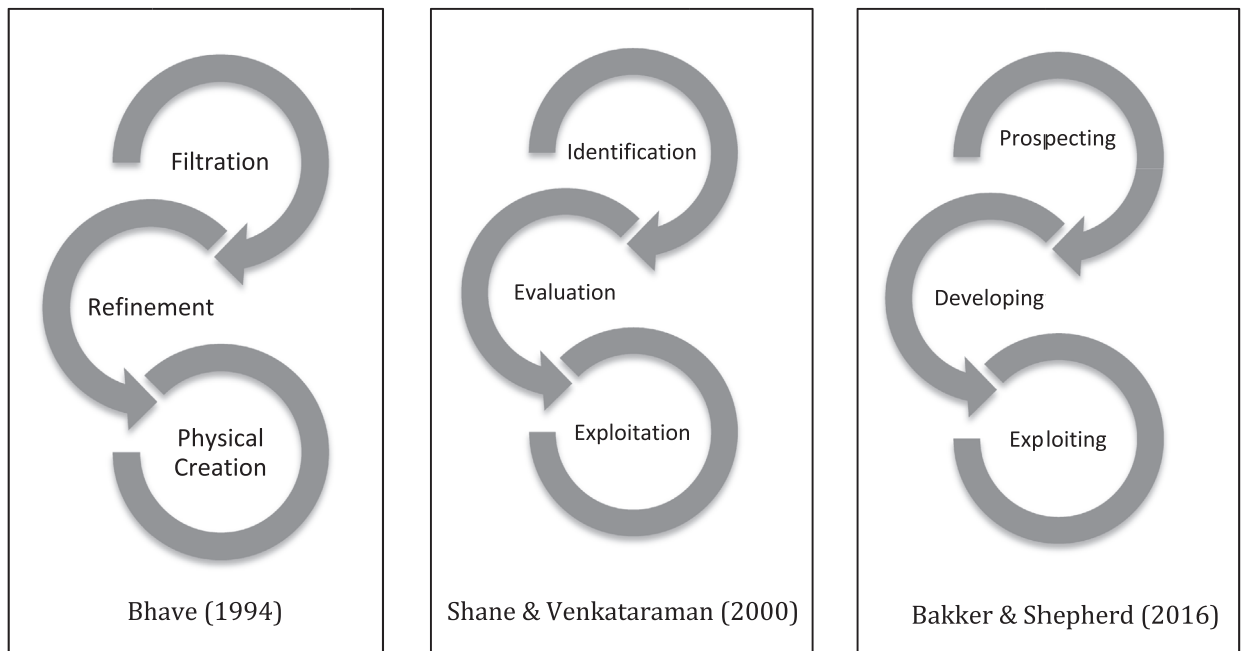


Fig. 1. Exemplar Phase Conceptualizations of the Entrepreneurial Process. Bhave (1994), Shane and Venkataraman (2000) and Bakker and Shepherd (2016).

2.2. Language of the natives

A second problem with the push to replace the opportunity construct is that it fails to consider that abandoning the concept as a fundamental entity in entrepreneurship research moves scholarship away from relevance to practitioners. When entrepreneurs describe their activities to introduce new products or services, to innovate existing practices, or create new ventures they consistently describe these activities as sensing and pursuing *opportunities*. They do not say they are reacting to external enablers (Davidsson, 2015), engaging propensities (Ramoglou and Tsang, 2016) or making future focused judgments (Foss and Klein, 2012). Admittedly, when a practitioner says, “I sense an opportunity to introduce a new widget” it is unclear whether they mean opportunity in the same sense as entrepreneurship theorists, but entrepreneurship is an applied discipline and moving away from the language of the natives’ confines scholars to an ivory tower of irrelevance.³ Indeed, Hirsch and Levin (1999) document that use of constructs by nonacademic constituents decreases the odds the construct will collapse because the term is taken for granted in the real world. Given the widespread use of the opportunity construct by entrepreneurs in the field, this suggests that it will take more than definitional fragmentation to justify dismantling the concept in academic research.

2.3. Confronting the validity police

A final problem with advocating for the collapse of the opportunity construct is that it would result in a highly unpredictable journal peer review process. To date, opportunity researchers have been able to position their work by paying homage to the opportunity construct as an institutionalized entity, but as the push towards dismantling the construct gains traction, this approach will become increasingly risky. Authors will face a wave of ideological complaints by what Hirsch and Levin (1999) called the “validity police” – those who claim definitional fragmentation renders the construct invalid as a subject of inquiry – and incur the high costs of responding to ever growing challenges from this group. Reviewers will cite as reasons to reject manuscripts objections about the definition of “opportunity” used, why replacement constructs were not utilized instead, or why the “opportunity” label was used at all. The field has already seen glimpses of this with ontological debates over whether opportunities are discovered or created (Alvarez and Barney, 2007) and if the push toward construct collapse continues unchallenged, navigating the review process will be extremely daunting for those who find value in the representational capacity of the opportunity construct.

3. Permanent issue: a more advantageous equilibrium

Considering the problems associated with a push towards construct collapse, this leaves the field to strive for either resolving definitional fragmentation (i.e., construct coherence) or to agree the construct has representational value and accept a degree of systematic variation in construct definition (i.e., permanent issue). Given that constructs “distill phenomena into sharp distinctions”

³ During the paradigm wars of the 1980s organization theorists lamented that irrelevance to practice threatened the very existence of the discipline. Notably, very few business schools today advertise for faculty positions in organization theory.

(Suddaby, 2010, p. 346) and that our understanding of the entrepreneurship process is still evolving, continued definitional diversity of the opportunity construct seems inevitable. As such, I agree with Davidsson, Klein and others that it is highly unlikely a single definition will emerge such that construct coherence is achieved. However, rather than dismantling the opportunity construct in response, we should consider that many agree the construct has superior representational value because it is flexible enough to encompass the range of cognitive and behavioral dynamics that unfold over time as actors engage in entrepreneurship (cf. Wood et al., 2012). This is the direction I encourage we move, where the opportunity construct is retained as a cornerstone of the field but viewed as a “summative unit” (Dubin, 1978) that represents the entirety of a complex phenomenon and therein necessitates systematic variation in construct definition as a *permanent issue*.

To be clear, what I am advocating for is what would be considered a special case of permanent issue equilibrium. One that involves much more than simply accepting a wide range of idiosyncratic definitions of the opportunity construct. For as we have seen, this compels researchers to break-down the concept into lower order replacement constructs, or what Dubin (1978) called the “primitives” of a theory. Instead, the permanent issue equilibrium I envision would flow from increasing theoretical precision around process models of entrepreneurship. Extant process models could be improved using Suddaby's (2010) basic elements of clarity as a guide and this would presumably lead to robust definitions of phases, specification of scope conditions for each phase (i.e., definitive start and end points) and identification of the semantic relationships between phases, all in a way that achieves coherence with the concept of opportunity as an overarching concept. By tightening models used to capture the entirety of the process, scholars can better ensure the opportunity concept is defined and operationalized relative the phase under study. This could put us on a path toward acceptable levels of variation as definitional diversity becomes systematically tied to clearly articulated and bounded phases in the process. There would still be definitional diversity, but it would be systematic in relation to the process as opposed to the random whims of researchers.

3.1. Benefits of permanent issue equilibrium

There are two main benefits for moving toward permanent issue as a desirable equilibrium. First, opportunity is an ex-post summative concept that within the confines of process driven systematic definitional variation, engenders coherence between a range of concepts and dynamics. Second, the opportunity construct provides a mechanism for the accumulation of a reliable body of knowledge that reflects the complexity and multi-dimensionality of entrepreneurship.

Regarding the first benefit, scholars have expressed uneasiness over the opportunity concept's inherent ex-post nature, that is opportunities require action and the passage of time for their existence to be realized (Ramoglou and Tsang, 2016; Dimov, 2011). This means that the opportunity construct is reflective by nature because a-priori whether doing something new will prove to be wise or foolish is unknown. This is not unique to the concept of opportunity or to the field of entrepreneurship, ex-post concepts are commonly used in social science to encapsulate complex phenomena with uncertain outcomes that unfold over time. What we know, then, is that while ex-post constructs have drawbacks because they are unproven in the present (Dubin, 1978; Martin and Osberg, 2007), they have inherent benefits as well. Specifically, a principle advantage of ex-post umbrella constructs is they engender coherence between other concepts and dynamics (Law et al., 1998; Suddaby, 2010) because they embody an overarching set of paradigmatic understanding in a way that tells the story of the phenomenon (Floyd et al., 2011). It is difficult, for example, to understand the concepts of entrepreneurial intention or entrepreneurial action without the overarching concept of opportunity.

Hence, the opportunity construct cannot and should not be decomposed into sub-elements via the introduction of alternative concepts because such concepts are bounded by time and space in ways that restrict coherence.⁴ That is, a key advantage of the opportunity construct is it reflects the entirety of the processes including its ideal culmination, or what some have called the ‘peak end’ (Kahneman, 2011), as opposed to concepts like new venture ideas that do not signify culmination, creating a coherence problem. The importance of coherence for the field should not be underestimated. A brief examination of the historical evolution of disciplines such as organization theory punctuate how a lack of encapsulating ex-post summative concepts created fragmentation and multiple schools of thought, that in the end proved incommensurable (McKinley and Mone, 1998; Scherer, 1998). We have a chance to avoid this fate in entrepreneurship by strengthening the opportunity construct via permanent issue equilibrium, a state where scholars embrace the ex-post nature of the construct as a strength, rather than a weakness, because it engenders coherence via representational capacity to encapsulate a host of diverse relationships that emerge as the entrepreneurship process unfolds over time (McMullen and Dimov, 2013).

The second benefit of permanent issue equilibrium is that the opportunity construct provides a mechanism for the accumulation of a body of knowledge that reflects the complexity and multi-dimensionality of entrepreneurship. The opportunity construct is valuable because it provides a vehicle for shared representation of what scholars are studying and this allows individual researchers to orient their contributions toward a common reference point. Without this there can be little accumulation of knowledge because scholars study the same phenomena, yet continually do so under relabeled constructs (McKinley and Mone, 1998; Pfeffer, 1993). Such evolution in construct labeling despite the same phenomena being studied, turns scholarship into a language game that forestalls the development of a community of science over time (Astley and Zammuto, 1992). Temporary communities form around a construct label for a period, but then the validity of the label is called into question and the next group reinvents the concept under the guise of a new label. This creates a low heed discipline where individual scholars ‘do their own thing’ and what was learned in the

⁴ Davidsson (2016) illustrates this by acknowledging that a focus on NVIs would need to be combined with attention to external factors that enable and constrain entrepreneurial action to more fully address actor independent conditions. By contrasts, the opportunity construct encapsulates such combinations.

last wave is largely lost in the process (McKinley et al., 2011; Whitley, 2000). Thus, labeling responds to previous labeling such that there is some continuity of sorts, but things like meta-analyses and the accumulation of knowledge they imply become all but impossible.⁵ The advantage, then, of the opportunity construct in a permanent issue equilibrium state is that it provides a commonly received label that depicts phenomenological understanding that scholars integrate their contributions into and thereby produce knowledge outputs with some degree of reliability.

4. Conclusion

There are reasons for concern about the trend towards dismantling the opportunity construct. Continued force in this direction may eventually pull the ‘attention space’ (Collins, 2001) away from consensus around ‘opportunity’ as a central organizing entity. While we cannot say that the vast stream of research on entrepreneurial opportunity has provided conclusive evidence of the empirical reality of the phenomenon, we can say that considerable effort has been devoted to generating insights around the utility of the concept. As such, replacing the construct, or abandoning it altogether, puts the field in a precarious position along the fronts identified. To be sure there is a need for evolution in the way the opportunity construct is being handled, and I am not simply advocating against change. Instead, I am advocating for change where instead of shifting the conversation to a new set of constructs, we agree that the opportunity construct has representational value and do the hard work required to increase theoretical precision around process models of entrepreneurship, thereby facilitating systematic definitional diversity as a permanent issue. This approach holds the potential to enhance both the rigor and relevance of entrepreneurship research.

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