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Reflections on misgivings about “dismantling” the opportunity construct

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Wood (2017; *this journal*) recently expressed three misgivings about what he sees as an unfortunate “dismantling” of the opportunity construct. First, he argues that because of the recent critiques (e.g., Davidsson, 2015; Dimov, 2011; Foss and Klein, 2012; Kitching and Rouse, 2016) authors now face a “validity police” of reviewers and editors when trying to publish. To this I would say that it is neither a bad nor a novel idea that editors and reviewers demand that researchers define their central concepts and then use them accordingly (Bacharach, 1989; Suddaby, 2010). The critiques have made reviewers and editors more aware of problems with (some uses of) the opportunity construct. This is a sign of scholarly progress, and pointing to historical examples of similar developments pertaining to other constructs does not demonstrate that there is anything wrong with it. Of course, rejection of papers based on pet peeves, kneejerk reactions, politics or ideologies is and always was a potential problem, but it is not particular to venture creation research.

Second, Wood thinks we should stick to “opportunity” because it is the language used by those who we study. I do not think any critics have suggested that “opportunity” should be abolished from our conversations with students and practitioners or that they have much problem with use of “opportunity” as an “umbrella concept” (cf. Wood, 2017: 21, 24). However, it is unlikely that practitioners would spontaneously provide us with all the terminology we need for our research purposes. Our expertise and role as scholars arguably includes developing theoretically and practically useful language *beyond* what practitioners come up with themselves (Davidsson, 2002). Practitioners—knowingly or not—appear to appreciate it when we do (think disruptive innovation, absorptive capacity, dynamic capabilities, business model canvas, etc).

Third, Wood (2017: 22) argues that lack of clarity has to do with the process nature of venture creation and not with the opportunity construct; that “[t]his lack of clarity cannot be resolved by moving to replacement concepts” because “[a]ny replacement concept would be regularly redefined to map onto the process in the same way the opportunity construct has”, and hence that “replacements concepts take us right back where we started and in the case of Davidsson (2015), times three.”

That is, any other construct is as problematic as “opportunity”, and using separate constructs for external conditions, design ideas, evaluations, and outcomes rather than bundling some or all of them into one construct makes things worse. To see why these claims are false, consider the three types of definition of opportunity in Table 1, applied to a process view of venture creation, i.e., following the emergence of new ventures over time. In each definition the *content* of the opportunity can be either a set of external circumstances or a set of subjective ideas or a combination of those; what is varied across columns is instead the locus of the *favorability* that justifies the “opportunity” label. The fourth column exemplifies a particular set of “replacement constructs”.

Table 1 shows that with all three types of definition some type of change forces redefinition of the concept of “opportunity” if we insist on that label for the entity throughout the venture creation process (as Wood, 2017:22, admits). If “opportunity” is the preferred label, some other definition would have to be used before there is evidence of success. Under the agent-based definition, we either need to change the label of the entity or change the definition of “opportunity” as soon as the actor loses faith in what was up until then “the opportunity”. With a research-evidence-based definition (e.g., if *x*, *y*, and *z* are present, the entity is an opportunity because we know that under such circumstances the success rate is above *q* percent, cf. Shane, 2012) we run into labelling and/or

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Table 1.
Process changes, opportunity definitions, and the stability of theoretical constructs.

<i>Basis for definition</i>	Opportunity definition based on known, positive outcome	Opportunity definition based on focal agent's perception expressed in word or action	Opportunity definition based on researcher-specified quality criteria (a priori)	Davidsson's (2015) constructs (New Venture Idea [NVI]; External Enabler [EE]; Opportunity Confidence [OC])
<i>Process change</i>				
Focal agent's evaluation turns negative	The entity did not meet the definition in the first place and a different definition would be needed prior to known, positive outcome	The entity is no longer an "opportunity" OR the definition of opportunity needs to change	The entity remains an opportunity and the definition of opportunity need not change	Empirical change in agent's OC. Construct definitions remain unchanged
External circumstances change so the entity no longer meets researcher-specified "opportunity" criteria	As above	The entity remains an opportunity and the definition of opportunity need not change	The entity is no longer an "opportunity" (even if the eventual outcome turns out to be successful) OR the definition needs to change	(Possibly) empirical change in the presence of EE. Construct definitions remain unchanged
The contents of the idea changes so it no longer meets researcher-specified criteria	As above	The entity remains an opportunity and the definition of opportunity need not change	The entity is no longer an opportunity (even if the eventual outcome turns out to be successful) OR the definition needs to change	Empirical change to the characteristics of the NVI (underlying changes to the presence of EE being a possible but not necessary cause of this). Construct definitions remain unchanged
Relevant stakeholders gain/lose faith that what the entrepreneur is pursuing is an "opportunity" (objectification/de-objectification, Wood and McKinley, 2010; 2017)	As above	The entity remains an opportunity and the definition of opportunity need not change	The entity remains an opportunity and the definition of opportunity need not change	Empirical change in these stakeholders OC (and as a result, likely in the agent's OC). Underlying changes to EEs or the NVI is a possible but not necessary cause of this. Construct definitions remain unchanged
The start-up attempt terminates as a failure	The entity is known not to meet the definition at any stage of the process	The entity is no longer an "opportunity" OR the definition of opportunity needs to change	The entity remains an opportunity but the "opportunity" label becomes somewhat awkward	The NVI is no longer in operation. Probably negative change in OC. Construct definitions remain unchanged
The emerging venture becomes a successfully launched business	The entity meets the definition, but the contents (external conditions; idea elements) that made up the "opportunity" are not necessarily (fully) known	The entity is no longer an opportunity (but an established business). The definition of opportunity need not change	Opportunity refers to the venture creation process and is now extraneous in relation to the focal entity but may remain relevant in relation to other start-ups. The definition of opportunity need not change	NVI and OC refer to the venture creation process and are now extraneous in relation to the focal entity. EE may still be in operation in relation to other venture creation attempts. Construct definitions remain unchanged
Conclusion	Other definitions or constructs are needed to denote the entity before a successful outcome has occurred.	Change in the focal agent's evaluation may make it impossible to use the same definition throughout the process	Change in external circumstances/the contents of the venture idea may make it impossible to use the same definition throughout the process; success can be achieved based on "non-opportunities"	Change during the process leads to change in one or more variable values but creates no need to change construct definitions. The constructs allow for these changes during the process.

definitional problems when either external circumstances or the idea pursued changes in such a way that the researcher-defined criteria are no longer fulfilled (which in an uncertain world could happen even in cases eventually reaching success).

Contrary to Wood's claim, this is due to an inherent property of the opportunity construct, namely that any conceivable definition of "opportunity" includes favorability in one form or the other.¹ Also contrary to Wood's allegation, the same does *not* apply to the three constructs put forward in Davidsson (2015) – "External Enabler" for disequilibrating external circumstances that can facilitate a variety of entrepreneurial endeavors; "New Venture Idea" for imagined future ventures of any quality; and "Opportunity Confidence" for an individual's evaluation of a stimulus (External Enabler or New Venture Idea) as a basis for creating a new venture. As Table 1 makes clear, use of these constructs make the empirical changes that occur during the process a matter of *changing variable values*.

¹ A fourth alternative fares somewhat better. This is the implicit definition "opportunity = any idea for a new business, no matter how good or bad" (i.e., what I prefer to label "New Venture Idea") which is employed in opportunity identification/recognition/evaluation research where there is no requirement of action, a successful outcome, or even a favorable evaluation. I challenge anyone to write down a formal definition of this view and then try to convince either researchers or practitioners that it is a meaningful definition of "opportunity".

When an individual's faith in the entity goes up or down, it is a change in that individual's Opportunity Confidence. When the idea changes, this alters the value of one or more variables capturing the characteristics of the idea (e.g., novelty, scope, etc.). When external circumstances change, this may change the presence of External Enablers (and the enabling mechanisms that these provide). Empirical changes become just that; *in no case does the empirical change require change in the definition of a construct*.

The above line of argumentation could be countered with accusations of “positivism” and (perhaps) “linearity”, and arguments that a “true” process perspective recognizes that everything is fluid and that it is naïve to believe that the multiple changes that occur over time can be adequately captured as changes in variable values. In return, I would argue that any conceptualization that recognizes change across time is a process approach and that whether a particular process approach is fruitful or not it is largely a matter of choice of research question and research setting (e.g., the type of emerging ventures examined).

Further, I would argue that it is when we take a process approach to venture creation that the problems with the opportunity construct become *particularly* pronounced, thereby increasing the need for better alternatives. Wood is certainly right in asserting that the process nature of venture emergence makes researching it challenging under any conceptualization (and the same is true for researching the growth and development of existing businesses; see Davidsson and Wiklund, 2000). I also agree with Wood (2017: 21) that the difficult questions presented by the opportunity construct should not make us shun the phenomena it is meant to represent. Entrepreneurial agents act *on* something, and characteristics of that “something” are likely to influence their actions and outcomes. Therefore, we ought to theorize about and empirically address that “something”.

So, what do entrepreneurial agents act on? Arguably, it is meaningful to say that they to some extent act on (their perceptions of) external circumstances, i.e., they take action they would not have taken had these external circumstances not existed. Arguably, their own or shared ideas about what they will offer to which market, and how, will also guide their actions and affect outcomes. It is further also arguably meaningful to say that they act on their conviction that said external circumstances and/or ideas are favorable, i.e. that they will contribute to a successful outcome.

These three “somethings” – external circumstances, imagined future ventures, and favorability assessments – are ontologically very different entities which also pertain to different levels of analysis (Davidsson, 2015). Further, during the (completed or aborted) emergence of a venture, they can change independently from each other at different points in time. Therefore, I think a strong argument can be made that packing some or all of them (and possibly also outcomes) into the same construct is a serious impediment to theoretical and empirical progress in research on new venture creation under *any* philosophical banner; whether the research uses/develops “variance theory” or “process theory” (if we are to accept that simplified distinction), and regardless of how the process is conceptualized in terms of linearity/non-linearity, start- and endpoints, and subdivision into stages. I am somewhat surprised that a scholar of Wood's caliber actively argues that such blending of ontologically different and independently changing elements has distinctive advantages (see, e.g., p. 24, n4, and reference to “peak end”) of such magnitude that they outweigh the monumental disadvantages.

This said, Wood is one of the scholars who have made interesting and valuable contributions to venture creation research using “opportunity” as a central construct (e.g., Wood et al., 2014; Wood and McKinley, 2010, 2017; Wood and Williams, 2014). Although other critics and I would argue that this is despite rather than thanks to that choice of terminology, I think those who find “entrepreneurial opportunity” to be a better construct for their purposes than existing alternatives should continue to apply it as they see fit. However, an increasing number of scholars believe other ways forward will be more productive. Wood's (2017) arguments do not provide compelling reasons for them to revert to the conceptual practice he prefers.

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