



UNIVERSITY of OULU  
OULUN YLIOPISTO  
OULU BUSINESS SCHOOL

**Samuli Tahkola**

**ILLUSION BECOMES ENTREPRENEURIAL OPPORTUNITY:  
SERENDIPITIES AND CUSTOMERS IN THE PROCESS  
Case: opportunity production process in a small software firm**

Master Thesis

Department of Management and International Business

August 2015

Unit Department of Management and International Business			
Author Tahkola, Samuli		Supervisor Kauppinen, A. Assistant Professor	
Title ILLUSION BECOMES ENTREPRENEURIAL OPPORTUNITY: SERENDIPITIES AND CUSTOMERS IN THE PROCESS			
Subject Management	Type of the degree M. Sc. in Economics and Business Administration	Time of publication 2015	Number of pages 56
Abstract <p>This thesis studies the formation of entrepreneurial opportunity as a process. More specifically, it investigates how an illusion becomes an entrepreneurial opportunity when the entrepreneur makes effort to achieve growth in the business. The study contributes to the opportunity discussion in the entrepreneurship literature and more detailed to the opportunity related process literature.</p> <p>The study was conducted as a single case study. The case is an opportunity production process and the data was gathered from a small Finnish Oulu based software firm in May 2014. The firm quickly doubled its annual turnover close to one million euros. All four owners work for the firm as entrepreneurs and two of the three major owners were interviewed.</p> <p>An idea of opportunity becomes an entrepreneurial opportunity through the opportunity production process. The results indicate firstly that stakeholders, for example a customer, can be involved in the process in its early stages such as in the conceptualisation of an opportunity idea. The customer can be the primary source of an opportunity idea or an active stakeholder in the interaction in the conceptualisation phase. In the existing literature, such stakeholder as customer is not involved in the beginning of the opportunity production process.</p> <p>Second suggested contribution is that entrepreneurs are simultaneously engaged in both the discover and creation types of activities during the opportunity production process. Serendipities have a role as the source of opportunity ideas in the opportunity production process. Entrepreneurs are continually involved in some kind of search endeavour and they are alert to be aware of objective opportunities. Entrepreneurs' activities are triggered by serendipities and they may also be triggered by other kinds of activities which have origins in the opportunity discovery processes.</p>			
Keywords entrepreneurship, opportunity, process			
Additional information			

## CONTENTS

Abstract

Contents

Figures and tables

<b>1. INTRODUCTION</b> .....	<b>6</b>
<b>1.1. Introduction to the topic and research gap</b> .....	<b>6</b>
<b>1.2. Research questions and objectives of the study</b> .....	<b>8</b>
<b>1.3. Research methods</b> .....	<b>9</b>
<b>1.4. Definition of main concepts</b> .....	<b>9</b>
<b>1.5. Structure of the thesis</b> .....	<b>10</b>
<b>2. CUSTOMER AND SERENDIPITY IN PROCESS OF OPPORTUNITY PRODUCTION</b> .....	<b>12</b>
<b>2.1. Customer and opportunity</b> .....	<b>12</b>
<b>2.2. Serendipity and discovery, and creation of opportunity</b> .....	<b>12</b>
2.2.1. Serendipity and opportunity discovery .....	12
2.2.1. Objectivist and constructivist approaches of opportunity nature ..	14
<b>2.3. Illusion vs. opportunity</b> .....	<b>16</b>
2.3.1. Types of opportunity .....	16
2.3.2. Artefact and mechanisms .....	16
<b>2.4. Process</b> .....	<b>19</b>
2.4.1. The production of entrepreneurial opportunity .....	19
2.4.2. Process of discovering and exploiting opportunities, and the process of creating and exploiting opportunities .....	21
<b>2.5. Summary of the theoretical framework</b> .....	<b>22</b>
<b>3. METHODS AND RESEARCH DATA</b> .....	<b>24</b>
<b>3.1. Research methods</b> .....	<b>24</b>
<b>3.2. Data collection</b> .....	<b>25</b>
<b>3.3. Research data</b> .....	<b>26</b>
<b>3.4. Data analysis</b> .....	<b>27</b>
<b>4. ILLUSION BECOMES OPPORTUNITY THROUGH THE OPPORTUNITY MAKING ACTIVITIES</b> .....	<b>29</b>
<b>4.1. Introducing the case</b> .....	<b>29</b>
<b>4.2. Customer centricity and serendipity in the case process</b> .....	<b>30</b>

4.3. The opportunity formation process .....	43
4.4. Findings .....	44
5. DISCUSSION AND CONCLUSIONS.....	45
5.1. Theoretical implications.....	45
5.2. Theoretical contributions.....	48
5.3. Managerial implications and managerial contributions.....	48
5.4. Limitations of the study and internal validity.....	51
5.5. Directions for the future research .....	52
REFERENCES .....	53

## **APPENDICES**

Appendix 1 The interview themes.....	56
--------------------------------------	----

## **FIGURES**

Figure 1. Domains of opportunity discovery paraphrasing to Dew (2009: 739).....	13
Figure 2. Types of opportunity paraphrasing Ardichvili et al. (2003). .....	16
Figure 3. The production of entrepreneurial opportunity paraphrasing Wood and McKinley (2010). .....	20
Figure 5. Significant events of the opportunity formation in the case process.....	30

# **1. INTRODUCTION**

## **1.1. Introduction to the topic and research gap**

Opportunities are seen to be in the heart of entrepreneurship. Discovery and creation processes have been commonly discussed in the entrepreneurship literature.

Research on opportunities, both discovery and creation, and the processes linked with them is current. Focusing on processes shifts traditional discover view in entrepreneurship to “a view that includes the processes used to form opportunities”. These processes are many times iterative and trial-and-error processes that fail and succeed to provide new products and services. (Alvarez and Barney 2013.) Several studies have investigated processes linked to entrepreneurial opportunities and the research is currently paying attention on the study of the process by which opportunities are formed (Wood & McKinley 2010, Alvarez & Barney 2013). It has been proposed that interests in investigating the opportunity formation process is increasing in order to study whether a single opportunity formation process contains both discovery and creation elements (Alvarez & Barney 2013). A suggested approach for entrepreneurship research and entrepreneurial opportunity is the practice approach (Dimov 2011, Venkataraman et al. 2012, Mainela et al. 2014). This recent research orientation provides a research gap for investigating it with practice approaches that is recommended as well. Dimov (2011) suggests that the focus can be on making sense of how entrepreneurs do behave and make meaningful conception of entrepreneurial actions. Mainela et al. (2014) recently suggested in line with Dimov (2011) a practice approach with key conceptual elements of action emphasising entrepreneurial action in primary unit of analyses.

This thesis investigates the opportunity production process with a practice approach focusing on activities of entrepreneurs. The purpose is to enlighten how an opportunity idea becomes an entrepreneurial opportunity and how entrepreneurs are being triggered in the opportunity development activities. There is limited research how serendipities and customer centricity may affect actions and interactions in the constructivist opportunity production process.

Entrepreneurship research has been divided into two main streams after a distinct view emerged especially in Europe in the early 2000's. Therefore, entrepreneurship research can be seen as fractured into the current dominant approach and the European trend called European school. The European School is contributing to the current dominant approach by stating that creativity and context in entrepreneurship research need to be emphasized. Therefore, the dominant approach in entrepreneurship research is not creative and consequently neither transformative, radical, questioning nor inventive. (Hjort, Jones & Gartner 2008: 81.)

In the 1980's, entrepreneurship research paid attention to the trait approach trying to define *who* is an entrepreneur (Gartner 1989). The trait approach appeared infertile and Gartner (1989) recommended a behavioral approach which studied what an entrepreneur did as a person who established a new organization. According to Venkataraman, Sarasvathy, Dew and Forster (2012), entrepreneurship research is still about what entrepreneurs do with an addition of a new perspective. In the early 2000s, Scott and Venkataraman (2000) suggested it is vital to take into consideration a connection between the individual and *entrepreneurial opportunity* in the entrepreneurship research. It looks obvious that there is a connection between the opportunity and the entrepreneur (Shane & Venkataraman 2000, Sarason, Dean & Dillard 2006, Venkataraman et al. 2012). Sarason, Dillard & Dean (2010) depict the connection by juxtaposing it with a dance and a dancer: "How can we know the dancer from the dance?". The opportunity and the entrepreneur have a nexus in a way they occur together and define one another. Today, the nexus is seen so that opportunities are *artificially* made by entrepreneurs and new opportunities can be designed "through the applications of an entrepreneurial method" (Venkataraman et al. 2012: 31).

The entrepreneurship research has shifted from individuals to process. It is focusing on *how* something becomes what it is instead of studying *what* it is. (Hjort 2007: 713.) The research literature of entrepreneurship is paying more attention to contextuality and creativity (Hjort et al. 2008: 81) and therefore the interest is in intention, action, and circumstance condition (Gartner 2010).

Venkataraman et al. (2012) point out that entrepreneurship research can take a new direction from a social science towards a view such as “entrepreneurship as a science of the artificial”. They mean that *artifacts*, made by man, can occur as a result of entrepreneurship. They pick out various mechanisms and heuristics of entrepreneurship which can be used to achieve entrepreneurial artefacts. They conclude with a proposition that entrepreneurship can be used as a method to make new opportunities leading to new ends. (Venkataraman et al. 2012: 21.)

## **1.2. Research questions and objectives of the study**

This thesis is interested in the process of how an idea of opportunity becomes a beneficial opportunity for the entrepreneur. The research is based on entrepreneurship and entrepreneurial opportunity as a phenomenon. In this thesis, the phenomenon and the process are studied from an opportunity development’s perspective in one software company which operates in business-to-business cloud services. The company is a small Finnish Oulu based company operating in information technology business. The purpose of the empirical study is to examine 1) what are the major events in the opportunity production of the company and how they have arisen, 2) how the owners act on opportunity, and 3) how opportunity evolves from an idea to a real opportunity leading to monetary benefits.

Entrepreneurial action and entrepreneurship can be approached from the perspective of individuals. Or on the contrary, entrepreneurship can be used to view teams, business units and even whole organizations. (Stopford & Baden-Fuller 1994.) The objective of this study is to examine the development activities of entrepreneurial opportunity from the individuals’ perspective, and more specially, to find out how serendipities and customers are involved in the opportunity development. The idea is to approach the process through two owners of the firm that are involved in the generative action of opportunity making. Considering this objective, the main research question for this thesis is:

*How does an opportunity idea become an entrepreneurial opportunity?*



In addition, the following sub questions are under investigation:

Sub question 1: *How the difference between the idea of opportunity and the entrepreneurial opportunity can be depicted?*

Sub question 2: *How the entrepreneur's actions are triggered in the opportunity formation process from an opportunity idea to opportunity enactment?*

### **1.3. Research methods**

This study is a qualitative research. The research using case study research strategy and it applies holistic single-case study method. The chosen strategy is applied because it aims to answer *how* and *why* types of questions and the study focuses on the present phenomenon within some practical context. (Yin 2003: 1.)

In this study, methods and research follow Eisenhardt's (1989) *Process of building theory from case study research*. Eisenhardt's (1989) process consists of seven phases: getting started, selecting cases, crafting instruments and protocols, entering the field, analysing data, shaping hypotheses, unfolding literature and reaching closure.

The empirical data was collected by semistructured interviews. The interviewees consisted of the two entrepreneurs who are owners and managers in a small Finnish Oulu based firm which operates in ICT service and software fields. The company was growth oriented and entrepreneurial opportunities played a major role in the business development.

### **1.4. Definition of main concepts**

*Entrepreneurial opportunity* refers to a situation where new goods or services can be introduced for greater revenue than the cost of their production (Shane & Venkataraman 2000: 220). Therefore, this study approaches opportunity from an economic value perspective. The key is that entrepreneurial opportunities become true by individuals' action and interaction (Venkataraman et al. 2012). "The entrepreneur and opportunity cannot exist independently; and therefore, cannot be un-

derstood separate and distinct from each other” (Sarason et al. 2006: 287). Opportunity is artificial, that can be designed through an entrepreneurial method (Venkataraman et al. 2012: 31).

*Opportunity production process* model states that opportunity production proceeds through the stages of conceptualization of an opportunity idea by an entrepreneur, objectification of that idea, and enactment of the opportunity into a new venture. The model is based on the constructivist perspective meaning that the opportunity creation cannot happen apart from the entrepreneur. (Wood & McKinley 2010.)

*Serendipity* is something that happens when individuals “accidentally discover something that they were not looking for” when they are involved in some kind of search endeavor. Serendipity does not mean luck. The position of serendipities are somewhere between systematic exploration and spontaneous recognition in the literature on the discovery of opportunities. (Dew 2009: 736.)

*Customer* means an actor that is involved in the process of opportunity development. Customer can also be a firm which is using and funding a product or a service provided by an organisation such as the company in which the data of this study was gathered. Customer is bound to opportunity in entrepreneurship literature. Customer as a stakeholder involves activities and interaction (between entrepreneurs and stakeholders) that are related to opportunity (Read et al. 2009, Wood & McKinley 2010, Sarasvathy & Venkataraman 2011, Venkataraman et al. 2012, Alvarez et al. 2013)

### **1.5. Structure of the thesis**

This study consists of six main sections. First chapter is *introduction*, chapter 2 forms the *theoretical framework*, chapter 3 describes the research data and methods, chapter 4 introduces *the case and the analysis*, and *discussions and conclusions* are in chapter 5.

First chapter introduces the main phenomenon with the purpose and objectives of the study ending with the research questions. In addition, the used methods are being

introduced. Second chapter presents the main theories. Third chapter introduces the empirical part of the study that consists of data collection, the data, and research and analysis methods. The fourth chapter presents the findings of the study. In the end, contributions, discussion, conclusions and limitations of the study are presented.

## **2. CUSTOMER AND SERENDIPITY IN PROCESS OF OPPORTUNITY PRODUCTION**

### **2.1. Customer and opportunity**

*Customer* is not a typically used term in entrepreneurship and opportunity literature. Instead, there are terms in a higher conceptual level such as people, human, individual, entrepreneur, stakeholder, team, social system, or market that can be included in the concept of customer. Customer is generally understood for example as an individual or an organisation which buys, consumes, or uses in a way a product or a service. Customer can be understood as an entrepreneur in a sense that entrepreneurship means social and societal phenomenon too and not only economical phenomenon or an individual such as a business owner (Steyaert & Katz 2004, Sarasvathy & Venkataraman 2011). Customer is bound to opportunity in entrepreneurship literature. Customer as a stakeholder involves activities and interaction (between entrepreneurs and stakeholders) that are related to opportunity (Read et al. 2009, Wood & McKinley 2010, Sarasvathy & Venkataraman 2011, Venkataraman et al. 2012, Alvarez et al. 2013).

Entrepreneurship research has been paying considerable attention to the concept of opportunity. Opportunity is an essential topic in entrepreneurship research. (Venkataraman et al. 2012.)

### **2.2. Serendipity and discovery, and creation of opportunity**

#### **2.2.1. Serendipity and opportunity discovery**

*Serendipity* belongs to the literature on the discovery of opportunities. Serendipity is something that happens when individuals “accidentally discover something that they were not looking for” when they are involved in some kind of search endeavor. The

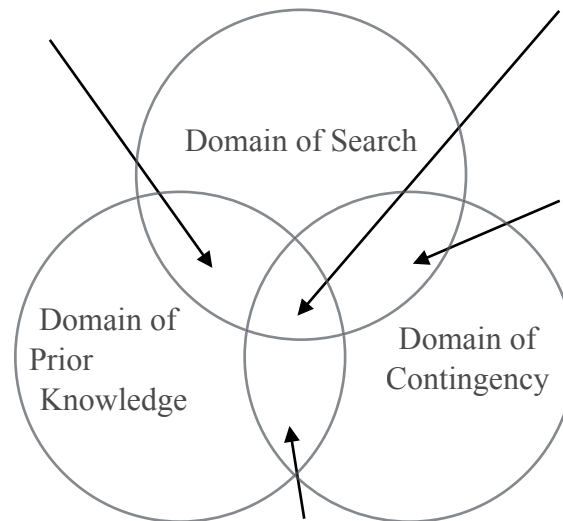
position of serendipities are somewhere between systematic exploration and spontaneous recognition (Figure 1). (Dew 2009: 736.)

### **Systematic Exploration**

- Discovery of opportunities is based on purposefully searching knowledge corridors

### **Serendipitous Discovery**

- Search activity leading to the discovery of something the entrepreneur was not looking for



### **Pre-discovery**

- Hunch that something has been discovered but lack of pre-existing knowledge to make an on-the-spot evaluation

### **Spontaneous Recognition**

- Sheer /utter surprise

**Figure 1. Domains of opportunity discovery paraphrasing to Dew (2009: 739)**

Prior knowledge affects serendipities and therefore raises awareness of a possible serendipity. Figure 1 reflects how opportunity discovery domains are overlapping each other to form a space for serendipitous discovery. Serendipity does not mean luck, which is covered in the domain of contingency. (Dew 2009: 739.)

There are some important ways how the nature of entrepreneur differs from non-entrepreneurs in the case of the discovery theory. All sufficiently skilled people could try to exploit opportunities that are known in the market or industry but the difference is who becomes aware of new opportunities and is willing to exploit them. Therefore, the difference between an entrepreneur and a non-entrepreneur defines the concept of “alertness”. (Alvarez & Barney 2007: 16-17.) Alertness is the capacity to recognize opportunities when they have emerged from changes in technology, markets, competition, and so on (Baron 2006: 112).

### 2.2.1. Objectivist and constructivist approaches of opportunity nature

Scott and Venkataraman (2000) see that entrepreneurial opportunities are already existing things to be discovered by an entrepreneur. Alvarez and Barney (2007) go further and they state that entrepreneurial opportunities can be formed by either *discovering* existing or *creating* new ideas. They introduce two theories: *mountain climbing* and *mountain building*. Existing opportunities are like mountains that just wait to be discovered and exploited. The opposite is that an opportunity in a market is created by the action of an entrepreneur. Therefore, the entrepreneur is building up a mountain instead of climbing on an existing one. Hence, the natures of opportunities differ from each other. (Alvarez & Barney 2007.)

To get a wider view on the nature of opportunity and how it is evolved, the rest of this subchapter handles the prevailing line *what opportunities are* in the current entrepreneurship research following Venkataraman et al. (2012: 22-23).

The main opposite research orientations based on opposite ontologies of opportunity are the North American and European research traditions. The North American one proposes that opportunities are independent of the entrepreneur and they are waiting to be discovered. The European one states that an opportunity is created or enacted by the entrepreneur. This means that it depends upon the entrepreneur's perception, evaluation, and understanding of environmental forces. (Gartner, Carter, Hills, Steyart & Hjort 2003 via Venkataraman et al. 2012.) Dutta and Crossan (2005) studied Schumpeterian versus Kirznerian views of entrepreneurial opportunities and their two opposite ontologies with respect to entrepreneurial opportunities. That research approaches it through organizational learning framework and it pointed out that stakeholders have an important role in the evolvement of opportunities. Schumpeterian view on entrepreneurial opportunities suggests that opportunities are created rather than discovered. In contrast to the Schumpeterian view, Kirzner's (1979, 1997) theory of entrepreneurial alertness and discovery is concerned with understanding how certain individuals secure profits on the basis of knowledge and information gaps that arise between people in the market. Schumpeterian and Kirznerian views

both consider that the entrepreneur is the primary actor with relation to entrepreneurial opportunities. (Dutta & Crossan 2005: 430.)

A new feature in the opportunity research field, *a structuration view*, appeared by Giddens (1984) which provides “a reflexive and emergent ontology for entrepreneurial opportunity” (Sarason, Dean & Dillard 2006 via Venkataraman et al. 2012: 22). This states that the traditional view of entrepreneurship is such that entrepreneurs fill market gaps. The structuration view proposes that the entrepreneur and *social systems* co-evolve. (Sarason, Dean & Dillard 2006: 286.) This view is in line with other arguments which state that entrepreneurship is mostly a *team* and/or *community* effort instead of an individual one (Gartner, Shaver, Gatwood & Kats 1994 via Venkataraman et al. 2012: 22). It underlines cooperation, negotiation, and shared experience between a team or a community in order to co-create and improve opportunities (Peredo & Chrisman 2006, West 2007 via Venkataraman et al. 2012).

Venkataraman et al. (2012: 22) summarise the view of Alvarez and Barney (2007) by simplifying it into two questions: “Do entrepreneurial opportunities exist, independent of the perceptions of entrepreneurs, just waiting to be discovered?” and “Are these opportunities created by the actions of entrepreneurs?”. Consequently, Venkataraman et al. (2012) bring up Klein’s (2008) proposition that opportunities are *imagined*, they are neither created nor discovered, and they exist only in the minds of entrepreneurs.

According to Venkataraman et al. (2012), the most recent additions to the debate is Wood and McKinley’s (2010) epistemologically constructivist perspective and Alvarez and Barney’s (2010) two epistemologically realist perspectives. Wood & McKinley (2010) introduce how entrepreneurial opportunity can be produced from a constructivist (or creation) perspective. They drew a model called *the production of entrepreneurial opportunity*. Alvarez and Barney’s (2010) first perspective, on the other hand, focuses on discovering objective opportunities which arise as a result from exogenous shocks in the existing market such as nature disasters or other widespread disasters. Moreover, this approach adopts the critical realist perspective. Their

second approach focuses on opportunities that are endogenously arisen and acted upon by the entrepreneurs themselves. Moreover, these opportunities depend on human action and this approach adopts an evolutionary realist perspective.

### 2.3. Illusion vs. opportunity

#### 2.3.1. Types of opportunity

Entrepreneurial opportunity can be separated into four types of opportunity from undefined to defined (Figure 2). The process of opportunity development may vary depending on the type of opportunity. Opportunities differentiate according to their origins and the stage of development. (Ardichvili et al. 2003: 117.)

		VALUE SOUGHT	
		Unidentified	Identified
VALUE CREATION CAPABILITY	Undefined	“Dreams” 1	Problem Solving 2
	Defined	Tecnology Transfer 3	Business Formation 4

**Figure 2. Types of opportunity paraphrasing Ardichvili et al. (2003).**

The development process of opportunity may vary among four types of opportunities. The process may differ across entrepreneur or entrepreneurial teams. (Ardichvili et al. 2003.)

#### 2.3.2. Artefact and mechanisms

According to Venkataraman et al. (2012: 21), opportunity can be understood as made as well as found. They claim that opportunity thinking is moving “beyond new combination to transformations, and developing a new nexus around action and interaction”. They propose that an opportunity cannot exist without interaction. However, they mean the opportunity can be an illusion. Opportunity is imagined in the initial



stage of Woods and McKinley's (2010: 68) constructivist model of the opportunity production.

Venkataraman et al. (2012) list eleven studies that identify different mechanisms or ways utilised by entrepreneurs in making new business and markets. They interpret, for example, that *effectuation* and *pattern recognition* belong to the list of the eleven "mechanisms in the making of entrepreneurial artefacts". The key is that entrepreneurial opportunities become true by individuals' action and interaction. They present three steps that describe how illusion or a "found" opportunity becomes an opportunity. The first step is called *objective person-opportunity nexus*. Someone has to find a thing that has to exist. The second step is called *subjective interpretation of objective data*. The person who found it has to know what the thing and its value are. The third step is *inter subjective basis for a market*. Others need to share the same understanding about the value of the thing. Also, the third step needs to be fulfilled before the "found" opportunity becomes an opportunity.

Opportunities can be made and found, in fact, they "have to be made through the actions and interactions of stakeholders in the enterprise, using materials and concepts found in the world" (Venkataraman et al. 2012: 26). In that sense, opportunities are artefacts. The existing world is transformed into new chances by action and interaction. An opportunity becomes an opportunity after an entrepreneur takes an action and evolves the idea through the interaction with people until the value is acknowledged. Consequently, the entrepreneur has a real opportunity to try to make business. (Venkataraman et al. 2012.)

Artefacts, made by man, can occur as a result of entrepreneurship. Entrepreneurship can be used as a method to make new opportunities that lead to new ends. As mentioned, there are various mechanisms and heuristics of the entrepreneurship which can be used to achieve entrepreneurial artefacts. Next sub chapters handle three of those mechanisms: *pattern recognition*, *bricolage*, and *effectuation*.

Effectuation

Entrepreneurship is much about effectuation and the entrepreneur is the essential agent that can be seen as an effectuator. Sarasvathy (2001) states that “an imaginative actor who seizes contingent opportunities and exploits any and all means at hand to fulfil a plurality of current and future aspirations.” Effectuation process is simply saying that a chef has ingredients and then the chef imagines what possible menus can be cooked and then he or she prepares the meal. On the contrary, in the causation process the client picks out a menu in advance. Then the chef purchases all ingredients that are needed and then cooks the menu. Therefore, the effect is given and then suitable means to create that particular effect have to be selected. Contrary to the causation process, “effectuation process takes a set of means as given and focus on selecting between effects that can be created with that set of means”. This logic of effectuation argues for creativity in entrepreneurship. Worth mentioning is the idea of effectuation that one does not need to predict future because it can be controlled. (Sarasvathy 2001.)

According to Read, Song and Smit (2009), effectuation positions entrepreneurs as co-creators of opportunity together with devoted stakeholders. They question the core assumption in the literature that entrepreneurs’ work is to discover opportunities and to exploit them. Instead of that, effectuation assumes that opportunities emerge when created by entrepreneurs and their partners. In that sense, ideas come from each player and their actions become important in understanding new venture creation. (Read et al. 2009.)

### Pattern Recognition

Baron (2006) brings more light to opportunity recognition by pattern recognition models: prototype models and exemplar models. By applying prototype models to opportunity recognition an entrepreneur uses prototypes as a means for identifying patterns among seemingly unrelated events or trends. Exemplar models do not require the construction of prototypes rather they emphasize the importance of specific knowledge. They can be some kind of specific examples of a concept already in one’s memory and then they are compared with new events or stimuli. Both of these

types of models can be used in opportunity recognition. This theory enlightens how entrepreneurial opportunities can be formed by *connecting the dots* that are seemingly unrelated events in the external world. (Baron 2006.)

Sometimes entrepreneurs start with a prototype and later they gain expertise in the domain. Then they may shift to exemplars, which allows them to perform the process of identifying complex patterns in less effort. This theory integrates into one basic framework three factors that play an important role in opportunity recognition: engaging in an active search for opportunities, alertness to them, and prior knowledge. (Baron 2006.)

### Bricolage

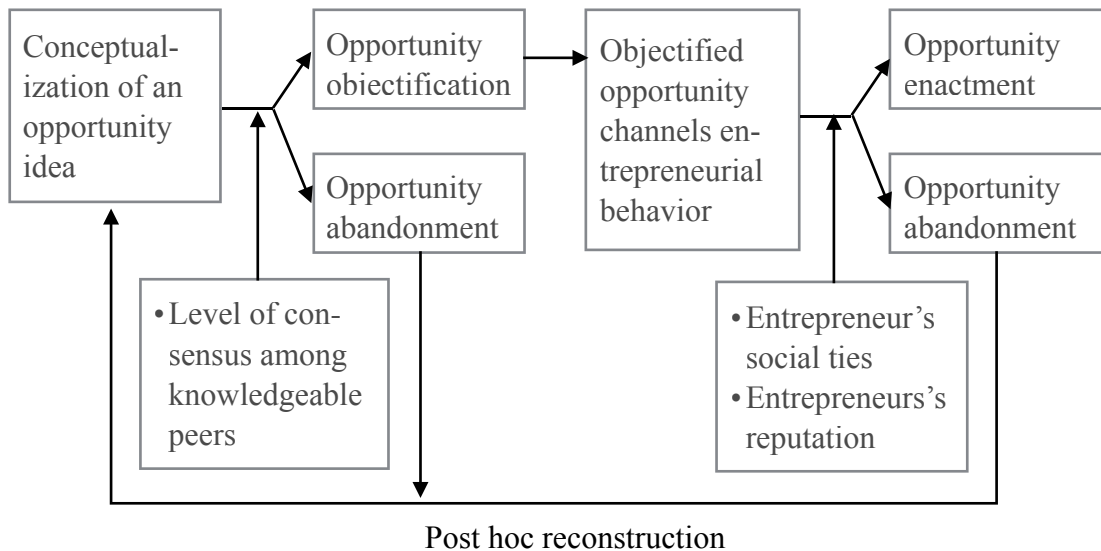
*Entrepreneurial bricolage* is something like “making what ever is at hand” because for some reason not all needed resources are available. Entrepreneurial bricolage strives to achieve an opportunity through close regard resources at hand. Resources can be defined through opportunity and opportunity can be defined by resources. This means that the available technological resource may define or open the opportunity as the opportunity or the identified opportunity needs a particular resource to exploit it. Therefore, the alertness to both opportunity and recourse is important. Knowledge about the resources at hand enable firms to engage bricolage to find combinations of resources that allow them to adopt new problems and opportunities. (Baker & Nelson 2005).

## **2.4. Process**

### 2.4.1. The production of entrepreneurial opportunity

Wood & McKinley (2010) have introduced one model of the production of entrepreneurial opportunity (Figure 3). This model is based on the constructivist perspective which means for example that the opportunity creation happens endogenously and it cannot happen apart from the entrepreneur and without inter subject interaction between entrepreneur and stakeholders such as with customer. This interaction is the core activity in the process. The model describes that opportunity pro-

duction proceeds through these stages: 1) it starts with a conceptualisation of an opportunity idea by an entrepreneur, 2) objectification of that idea with knowledgeable peers, 3) objectified ideas go through entrepreneurial behaviour, 4) an enactment of the opportunity into a new venture.



**Figure 3. The production of entrepreneurial opportunity paraphrasing Wood and McKinley (2010).**

However, not all arisen opportunity ideas go through the whole process. Entrepreneur's opportunity idea has to survive the process which begins with the objectification of the idea. Some ideas are abandoned during the opportunity objectification phase. If the viability of the opportunity idea is great enough among knowledgeable peers it is more likely that the idea becomes an objectified opportunity. The objectified idea can lead to opportunity enactment as a result of entrepreneurial behaviour such as acquiring support from stakeholders like investors to utilise the opportunity. If the support of the stakeholders is sufficient to transform the objectified idea into a venture then the enactment stage can be reached. Objectified opportunities can be abandoned for example due to insufficient resources. The enactment phase means an initial establishment of a new venture and the first product delivery of the venture to a customer. (Wood & McKinley 2010.)

#### 2.4.2. Process of discovering and exploiting opportunities, and the process of creating and exploiting opportunities

Alvarez et al. (2013) introduce two types of processes used to form and exploit opportunities: discovering and creating. There are many significant differences between the processes through which opportunities are discovered and exploited and the processes through which opportunities are created and exploited. However, an entrepreneur may be engaging in both opportunity discovery and opportunity creation. Therefore, entrepreneurs engaged in discovery and creation processes *simultaneously* can face major challenges like how to engage in fundamentally alternative approaches to decision making at the same time. “Discovering opportunities requires one set of skills, data collection and analyses using risk-based decision-making tools. Creating opportunities requires a very different set of skills, iterative, inductive, and intuitive decision making.” (Alvarez et al. 2013: 311.)

According to Alvarez and Barney (2007), the discovery and creation styles of entrepreneurial actions have different implications in different contexts. It is possible to interpret the formation of a certain opportunity as either a discovery or creation process. The assumptions entrepreneurs make about the nature of the context within which they are operating may lead them to efficient action or inefficient action in the formation and exploitation of an opportunity. If entrepreneurs’ hypothesis of the nature of their context is wrong they may end up applying the wrong methods, and consequently, that activity will be relatively inefficient. Therefore, the choice of the hypothesis has an impact on the formation and exploitation of an opportunity when, for example, comparing which leadership style fits better to the context. In the discovery context, leadership can be based on expertise and experience but in the creation context leadership can be based on charisma. Therefore, charismatic leadership does not work that effectively in the discovery context because there is a need for specific expertise. Instead of that, charismatic leadership works probably better in the creative context. Then if compared with human resource practices, in the discovery context the recruitment focuses on “specific human capital recruited broadly” whereas in the creation context the recruitment focuses on “general and flexible human capital recruited from pre-existing social networks”. For these reasons it is important to under-

stand these implications of these two sets of assumptions for the effectiveness of entrepreneurial actions. (Alvarez & Barney 2007: 17.)

## 2.5. Summary of the theoretical framework

In the research literature of entrepreneurship and opportunity, stakeholders are represented as an essential part of the phenomenon of entrepreneurial opportunity. Customer can be seen as an important stakeholder, which involves essential activities and interactions that are needed to achieve an entrepreneurial opportunity. Especially, an interaction between an entrepreneur and a stakeholder such as a customer is in the core of the entrepreneurial opportunity.

Serendipities belong to the literature on the discovery of opportunities. Serendipity is something that happens when individuals “accidentally discover something that they were not looking for” when they are involved in some kind of search endeavour. In the discovery theory opportunity is an objective, existing thing that can be found by an entrepreneur. The source of the opportunity can be an external shock such as a nature disaster or bankruptcy. Entrepreneur’s alertness enables him or her to be aware of objective opportunities. Another way to see opportunity is the creative or constructive approach that states opportunity is created by an entrepreneur with inter subject interaction between the entrepreneur and stakeholders. Contextuality matters, such as specific information that does not exist previously which is created within the action and interaction.

Also a third approach to view entrepreneurial opportunity has been provided. Entrepreneurship research is taking new inventive and playful shapes and entrepreneurial opportunities are in the heart of it. Opportunities are not only discovered or created but rather they are *made* or *co-created* together with entrepreneurial actors. The nature of the entrepreneurial opportunity is such that in the beginning it is an illusion in an actor’s mind and then it can become an opportunity by interactive actions. In summary, it is called *artefact* because the entrepreneurial opportunity emerges by an action of someone. In other words, artefact means that entrepreneurial opportunities are made by people in the interest of a human being: “There is no dance without the

dancer”. Effectuation is one mechanism to make entrepreneurial opportunity or artefact. The effectuation process is simply saying that a chef has ingredients and then the chef imagines what possible menus can be cooked and then he or she prepares the meal. Moreover, entrepreneurship can be used as a method to create new ends, for example, for business interests to create new inventions or new ventures. Entrepreneurial opportunity is an act of an enthusiastic entrepreneur. In the very beginning, an opportunity is an illusion which becomes a valuable opportunity through the co-creation of entrepreneurs and committed stakeholders. However, the way the opportunity development begins from an illusion can be depicted as a process.

Entrepreneurial opportunities can be produced by a constructivist process model (Wood & McKinley 2010). Entrepreneur’s opportunity idea has to survive the process which begins with the objectification of the idea. If the viability of the opportunity idea is great enough among knowledgeable peers it is likely that the idea becomes an objectified opportunity. The objectified idea can lead to opportunity enactment as a result of entrepreneurial behaviour such as acquiring support from stakeholders like investors to utilise the opportunity. If the support of the stakeholder is sufficient to transform the objectified idea into a venture then the enactment stage can be reached. The enactment phase means an initial establishment of a new venture and the first product delivery of the venture to a customer.

### **3. METHODS AND RESEARCH DATA**

This chapter introduces the research methods used in this study and how the research data was formed. The data will be analysed using the theoretic framework introduced in the previous chapter two.

#### **3.1. Research methods**

This research has been conducted as a qualitative research and it applies a holistic single-case study method. This study aims to answer “how” and “why” type of study questions and the study focuses on contemporary events. Case study strives to increase understanding on “complex social phenomena”. (Yin 2003: 2-5). Case study is one of the most common methods of qualitative research in business research (Koskinen et al. 2005: 155).

Inductive and deductive approaches are two optional ways to incorporate concepts and theories into a study. The inductive approach is dominant in this work because the data leads to the concepts. An initial theoretical framework existed before data gathering started. The initial framework consisted of entrepreneurial business opportunity related material following a path from its origins to the current discussions. The final concepts of the study became clear during the analysis process.

Deductive approach is opposite to the inductive approach. Deductive approach leads from concepts to data. Therefore, it emphasizes testing an existing theory. Deductive approach allows to begin with existing concepts, and it leads to the definition of the essential data that need to be gathered. This is helpful and can save time because not need to be wait to relevant concepts emerges. Also, it can save recourses to handle big amount of data because the relevant data can be recognised easier. However, there is a risk to lose fresh insights into the real world occurrence being studied in using the deductive approach. (Yin 2011: 94-95.)

An abductive approach is the third optional way of shifting between data and concepts. It is a combination of inductive and deductive approaches. In abductive ap-



proach, research begins with a theoretical study, then it proceeds to empirical part and finally it feeds back to theory in order to analyse and compare it to the collected empirical data. (Balnaves & Caputi 2001.) The nature of this study is inductive since the data lead to concepts and conclusions are drawn from data to general.

The approach for research on entrepreneurial opportunity in this thesis is the practice approach focusing on entrepreneurial action in main unit of analyses. The unit of analysis (Yin 2003) is the opportunity production process and the *key triggers* of the action and interaction in the process. The unit has its core in the opportunity production process of Wood and McKinley (2010). The aim is to examine the process how an opportunity idea becomes as enacted opportunity, the interaction between entrepreneur and stakeholders, and the serendipity and customer in the process.

Data will be generalised according to *analytic generalization* which can be defined as a two step process. The first step comprises of a *conceptual claim* whereby the researcher shows how his/her investigation's findings are likely to form a certain "set of concept, theoretical constructs, or hypothesised sequence of events". In the second step, by applying the same theory the findings are *implicated* to other similar situations where similar concepts might be pertinent. (Yin 2011: 100.)

### **3.2. Data collection**

The research data was collected by a qualitative method, *semi-structured interviews*. The relationship between the interviewer and interviewee was not tightly scripted. In semi-structured interviews, there are no complete predefined lists of questions or questionnaires, which was the case in this study as well. The researcher has a mental framework of the study questions and a hypothesis how the interview might proceed. However, the questions adapt to the situation and setting of the interview and interviews may vary depending on the interviewee. The interview follows a *conversational mode* and the researcher needs to carefully focus on listening and understanding the meaning what the interviewee says. All interview questions are *open-ended* which means that there are no clear yes or no answers but rather longer and more descriptive answers. Qualitative interviews try to bring about understanding of the in-

interviewees' opinions and meanings based on that person's own life and experiences. The researcher must pay close attention to not leading the interviewee but rather enable rich conversation through extra questions. (Yin 2011: 134 - 135.) The interviews were recorded using two separate digital recording devices to ensure the data collection.

There were two main themes under discussion: business opportunity and interaction in the development of business opportunity. These themes were mostly gone through with multiple sub themes. The interviewees told lively about their typical work day and the story of the firm from the beginning. Then the interviews progressed as a discussion or a narrative and the interviewer sometimes asked details or explanations more precisely about events mentioned in the story in order to yield relevant data and understanding. To ensuring a smooth flow of the interviews there was a list of key themes available for the interviewer. The list of key themes is attached as appendix (Appendix 1) in translated form (from Finnish to English).

### **3.3. Research data**

The research sample consists of interviews of two partners from the firm. The interviewees were chosen according to *purposive sampling* which aims to select such a sample that will yield the most relevant and plentiful data on the study topic (Yin 2011: 88). The interviewed persons work as full time for the firm and they are owners and founders of the firm.

The data consists of two interviews that are all together 113 (58 + 55) minutes in the digital records. In the transcribed form, the amount of the data is all together 49 pages and separately 29 pages and 20 pages with similar settings used in this report. Direct citations are also included in order to highlight certain important notes and statements of the interviewees from the data. The citations are translated from Finnish to English, which does not weaken the reliability of the research since the focus is on the facts and contents of the interviews, not on the precise linguistic expressions. The interviews were transcribed before the data analyse.

This particular firm was chosen as the data source because customer centricity and serendipity seemed to be present as significant drivers in their business from the beginning. Moreover, there were enthusiastic entrepreneurs leading the firm on its endeavor to grow the business. The sample was chosen in a deliberate manner and the purpose was to select the specific study units that will yield the most relevant and rich data.

### **3.4. Data analysis**

The data analyse follows Eisenhardt's (1989) *Process of building theory from case study research*. Eisenhardt's (1989) process consists of seven phases: getting started, selecting cases, crafting instruments and protocols, entering the field, analysing data, shaping hypotheses, enfolding literature and reaching closure.

In the case study research, the research question is many times open-ended which leads to collect major amount of data. *Within-case* analysis is a proper way to analyses a rich case specific data. To avoid false conclusions in this study, cross-case patterns are applied in a way, which look at the data in various ways. This assists to capture possible novel findings which may exist in the data. In practice, the analysis was done in these steps: 1) data was analysed and categorised separately, 2) categories were formed based on similarities and differences. The idea of the cross-case analyse method is to push the researcher to go beyond initial impressions. (Eisenhardt 1989.)

The two active individuals of the studied case firm were interviewed. The data from both interviews were analysed and categorised separately. Thereafter, the focus was pointing into certain categories that seemed important turning points in the business. From the both datas were emerged mostly the same categories in which were many similarities and differences. Combining these similarities and differences were found categories that reflex the findings of the data in the best possible way. As a result, ten significant events in the opportunity formation were found in the case process. Moreover, two main themes emerged: customer centricity and serendipities. The events have been listed in a chronological order.

In the phase, *shaping hypothesis*, several relationship between the categories emerged. To distinguish these relations the data is compared with theory following next steps: 1) sharpening the constructs and 2) verifying emergent relationships between constructs fit with the evidence in the case. The final, phase, *enfolding literature*, is where emergent concepts and theories are compared with the extant literature. In this phase, need to “stop iterating theory and data”. Saturation is the key idea that means incremental improvement to theory is minimal and the iteration process stops. (Eisenhardt 1989.)

#### **4. ILLUSION BECOMES OPPORTUNITY THROUGH THE OPPORTUNITY MAKING ACTIVITIES**

This chapter describes how opportunity evolves on the path from idea into a real opportunity in the case process. It concentrates on major activity of the entrepreneurs in the opportunity production process.

##### **4.1. Introducing the case**

The opportunity production process has been ongoing continuously for six years. First step of the process took place before the firm was established in 2008. The first steps was a conception event when the four founders of the company deliberated to establish a side business. Therefore, they were alert to seek opportunities. At that time, they were working for an ICT-service company which, went bankruptcy unexpectedly. Quickly, they were aware of that there were emerging an opportunity to set up their own business. They decided it was worth of trying their own business after figuring out certain prerequisites for success. The main argument was customer centric. They knew customers still needed similar services the former employer was providing before the bankruptcy. Those same arguments have been used successfully also later in the business opportunity formation process. They got a solid start in ICT services partly with the same customers they were familiar with in the former work. The opportunity idea of ICT services was enacted with local customers and they reached a turnover of half a million euros in the first 24 months.

Those same arguments have been used successfully, also later, in the business opportunity formation process. They got a solid start in ICT-services partly with the same customers they were familiar within the former work. The opportunity idea of ICT-services was enacted with local customers and they reached turnover of half million euros in the first 24 months. Since the beginning, the firm has been profitable and it has no debt. The scale of the business stayed relative stable for few year until 2013 - 2014 they close to doubled the volume of the business due to they exploited opportunities in software the field. Before that, they were willing to grow the business but they faced certain challenges in developing new business opportunities. Then, they

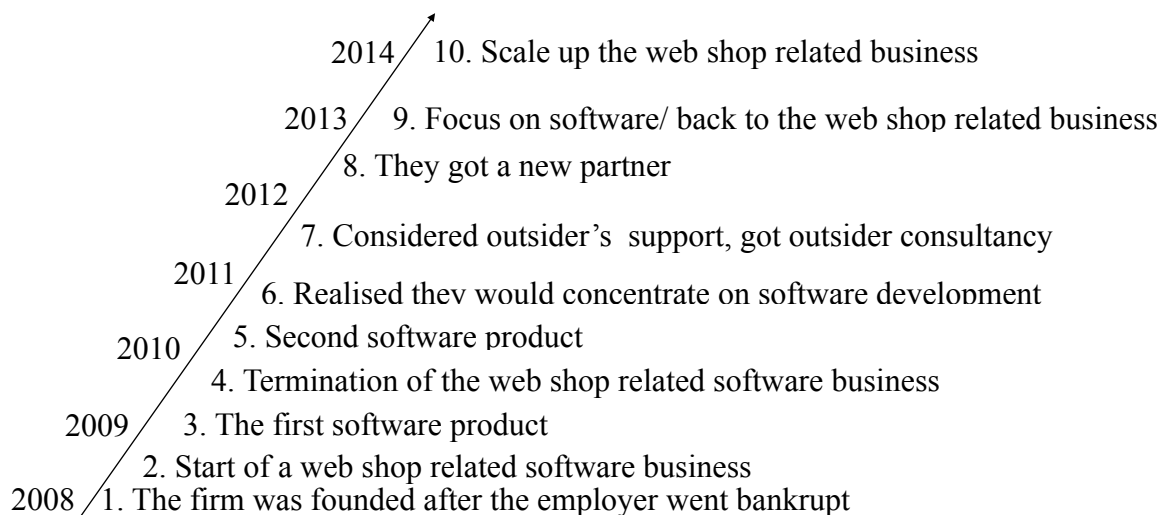
achieved growth opportunities in software fields reaching turnover of about one million annually. Opportunity ideas were evolved in certain needed stages which are handled more detailed in the next chapter 4.2.

#### 4.2. Customer centricity and serendipity in the case process

In this chapter, the data is analysed in order to 1) investigate the process through which an opportunity idea, or an illusion, can become an entrepreneurial opportunity, 2) especially pay attention to triggers which influence the entrepreneurs in their activities and interaction within the process.

The significant events of the opportunity formation in the case process have been described in Figure 5 in a chronological order. In the events, major means for the business success can be detected. During the process, the firm has grown and it has expanded its business range and focus from the ICT services to the software business. In the events of the opportunity production process, similar means or triggers that drove the activities of the entrepreneurs were seen. Certain kind of customer centricity and serendipities seem to be sustainably involved in the opportunity process. Moreover, a certain kind of customer centricity in the activities seems to simplify the opportunity production process in the firm. For these reasons, it is valuable to analyse further the events and the process the entrepreneurs are implementing in the business.

**Figure 5. Significant events of the opportunity formation in the case process.**



*Event 1. The firm was founded after the employer went bankrupt*

According to the interviews, the founders made a decision to establish the firm in 2008 on the same day their former employer went bankrupt. In the beginning, the founders figured they could collect major amount of the existing customers for the new firm. These four partners had close and straight relations to the customers because they were serving the customers in the original firm. They had been managing all practicalities in the customer interface which abled them to seize the opportunity. However, they got an opportunity idea. Interviewee 2 explained the situation emphasising customers' point of view:

*It seemed like the right decision to do. It was a big risk to take it. We did not consider too much and we just did it. It was more like... customers would be left in trouble. Probably that was what we thought for the most. The customers still need the services we have been providing them.*

*Since we had this knowledge, our know how. And basically, we made it all work for the customers in the background. It was like this natural way. The customers knew us all. We obtained a few hundred companies for our own company immediately during the first week.*

The customers showed a positive signal for this idea of the new firm and in this way they got the opportunity objectified. Later, many of the customers continued the business with the new firm these work mates set up. The business reached a solid start because they got the certain customers from the ruins of the previous employer. The founders conducted new contracts with the customers who shifted to the new firm. A starting point for the contracts was the same prices and conditions they had with the previous service provider. The founders did not know all information or details about the past contracts. Therefore, they relied on the information the customer provided. By acting this way they achieved consensus with the customers and they got further into the enactment phase. They were aware of a risk of the business but it was worth taking because they gathered an immediate cash flow from the beginning. Both of the interviewees pointed out the importance of the customers in a funding perspective. Interviewee 1 stated it as follow:

*From there, when the company fell, so we got... Then we set up our own business right away and we captured there two to three hundred customers. Therefore, the*

*start was like this... pretty fast. We did not do it traditionally gradually. It would take a few years more time in the traditional way. And it would have required more funding. Basically, as soon as in a few months the business was financed with a cash flow. In other words, our company is not in debt. This growth has been made with the cash flow funding. And all the owners have been in and are working for the company. However, this situation is really good.*

Serendipity has a role in this beginning event. The founders were already involved in a kind of search activity that led them to the discovery of something they were not looking for. Their employer went bankrupt unexpectedly. They had thought of a side business before the bankruptcy which enabled to start working to get customers in a way they did not expect. At that moment of the bankruptcy, the ground was propitious in their minds because they had been considering some sort of a side business already. They were able to make a quick decision to establish the firm.

In summary, in the first major event in the firm's opportunity production process customers have a significant role in three ways. Firstly, it was natural to want to continue the same work and working with the same people. The founders knew the customers and they had to provide contracts through their own firm to continue the same work. This way the customers were involved in the early stages of the process since opportunity objectification. Secondly, the founders realised soon the financial perspective of the customers and that they could potentially get income in a short period of time. Due to the financial reasons and the quickly emerged situation, the four work mates chose this case to start their own business. Serendipity took role in a sense that they were able to recognise that the unexpected event opened a new way to start their own business.

#### *Event 2. Start of a web shop related software business*

In the first year, they established a side business which focused on web shop software and they provided an entire web shop platform to customers. This platform was built in-house out of scratch because they attempted to do a customer centric online store. They did not mention how they got this opportunity idea or whether there were any certain customers involved. They decided to enact on the idea of opportunity and they had some customers for it. Interviewee 2 reflected the event as follow:



*Well, we had our own e-commerce platform. It was perhaps the wrong approach to it. We made our own version out of scratch. The attempt was to get an easy to use and a customer-friendly online store. Some use it still, but it is like... The timing was wrong.*

They took action to try this business. This event proves they have been interested in looking for new entrepreneurial opportunities all the time. They have been involved in a kind of search activities that enables the emerging of serendipities later on.

In summary, they attempted to be customer centric in the side business. However, the data does not point out whether they had interaction with customers during the development and implementation of this business idea. Later on they decided to terminate the business (see event number four). In serendipity sense, this event provides evidence that the entrepreneurs are involved in search activities continuously. Although they had established their ICT service business less than twelve months ago they were ready to try new business. Thus, they can end up in unexpected situation to proceed in the opportunity production process as they did later.

### *Event 3. The first software product*

16 - 24 months after the firm was established they created their first own software product (excluding web shop software) for one single customer. They got the ordinary idea from the customer which also funded the project:

*Interview 1: Basically, it is suitable for any field. Mostly for hotel and tourism industry. It was a familiar customer, from my previous carrier in advertising business, who had such a need and the customer paid its development and such kind of software we made. After the implementation it was seen that this is a product that could be sold to other customers too.*

In that way, all the phases of the process were gone through. First they got the idea of opportunity, secondly the opportunity objectification was done with other partners and a customer, thirdly entrepreneurial behavior was needed to make a plan and increase consensus with the customer, fourthly they enacted on the opportunity when they started to develop the software. During the time they were working on the project, they realised that this software would be suitable for many other similar

needs and it enabled creating scalable products. Therefore, they decided to productise their first software product. This first software product is still generating some profit.

In summary, the customer played a major role in the opportunity production process. Firstly, the customer had the need for the solution and the customer was involved in the opportunity process since the first phase by providing the idea of the opportunity. Secondly, customers were funding the original project. In this case, they co-operated with a the certain customer and the customer acknowledged the value. In practice the customer covered the development costs. Later the developed product has been sold other customers too.

*Event 4. Termination of the web shop related software business*

They decided to terminate the web shop related software business established in the first year. It was terminated in 2009 due to bad timing: “it was too early” as they reasoned it. Both interviewees mentioned this failure event. However, they did not speak much about reasons why it was abandoned. They did not mention customer perspectives except for one:

*Interviewee 2: But now we have a completely different approach (to customers). Now we have a ready platform, which is an open-source system.*

They both highlighted they changed the approach the second time they got back in the web shop related business (Event 9) few years later. In that way they stated there were challenges particularly in the approach of the first try. After the abandonment, few years later they figured out a way to solve the challenges. By replacing the web shop platform they got a better approach on customers. Shifting to the open source platform with the new one they save time, because they do not need to develop it entirely as in-house work:

*Interviewee 1: I too had done online stores, but if it was meant to focus properly (on customer), so there will have more time (for customer) and then it would be easy... In a later stage, also the e-commerce platform was replaced with the one we are using now.*

*Interviewee 2: No, they do not want the platform from us, they want something else. They can get a platform from elsewhere. In some cases, we do not deliver a web shop at all but rather we provide tools into the customers' online shops.*

They executed a major development project on the web shop software but they became aware that the approach for that business was not right. Moreover, they thought that the timing for that business was not right. What they meant with the timing became not clear. Probably, they stated with the point of timing that later they faced something that turned them into success in the web shop related business (see event number nine). According to the data, they did not face many abandonments. The reason is probably not that there did not happen any abandonments but rather that it is not so easy to mention such things that do not leave footprints as in the case of an enactment which leads to introducing a new product for example.

In summary, they had challenges in the customer approach in this event and it contributed significantly to the abandonment. According to the data, there was not a certain customer that acknowledged (Venkataraman et al. 2012) the value the founders were intending to provide with the in-house built platform. A few years later, they were able to solve these challenges successfully. This event played a role in later stages when they considered to step back to the web shop related business. They had learnt lessons from this failure event and they changed the approach to the customer centricity they had learnt in the events 1, 2, and 5. They focused on customer specific needs and to offering additional solutions the platform alone could not provide. A role of serendipities did not come up in this abandonment event.

#### *Event 5. Second software product*

The second software product got its beginning in a serendipitous way in a corner pub. One of the partners met a business man in the pub and they started talking about their businesses. New opportunity idea was emerged soon, when the business man told they had a challenge in his company with a certain issue. The partner realised that software would be a solution to it. They decided to co-operate in order to devel-

op the software for that specific need. The project was funded by the customer. Interviewee 1 stated that this is an ideal case in many ways:

*This is an ideal situation for us in many ways when someone is willing to pay for the development, because then we know that it is such software which is really necessary. And it is also low risk for us when someone pays the product development and we get a complete product. One thing to consider is that then there must be a deal how are we allowed to sell it to others.*

During the customer funded project, the firm realised they could make a scalable product for all firms operating in the same field. They made a deal with the customer that they could sell the software for other customers and the ordinary customer can have a percentage from the sales. In that way the opportunity enactment led to new arisen opportunity ideas which channeled back to the opportunity making process at earlier phases. They did not know beforehand these results achieved out of the opportunity development activities that is in line with the creationist nature of opportunity.

Interviewee 2 expressed the customer oriented action in a similar way. He expressed how they approach customers:

*So many times we... we go in (to the customer) to search that what issues do you have? In what ways we can enhance the customer's operations with technical solutions or with one of our software. Yes, we often find there is such an angle, which we will then get caught there. Then we implement a solution to it. In a property manager side we made such a property management system for their... no longer needed the table sticky notes. This is an internal ERP system. It came from the customer that idea into it.*

They defined the problem with the customer and provided the solution which was a programmed management system that released the customer from inefficient work. Then the interviewer went further asking what they did and how the case proceeded after the idea emerged and how they work on the idea in which the customer is involved:

*So yes, the idea is then further develop here (in the firm), that whether it is really kind of ... Yes, many times it ... I think that we just start working on it, to do it here. That this is probably the principal... very quickly get to do that project to the customer. We made the project for one customer at first. It was realised after this, at some point in the project that hey this could serve really like for all real estate management offices in Finland.*

This shows how they did not plan to develop software for wide customer segment but rather they concentrated on working with one certain customer that covered the cost of the development.

In summary, certain kind of interaction with the customer is in the core of the business opportunity. Customer needs to be involved in the early stage of the discussion and considerations of a new software product. In an ideal case the customer is funding the project. They clearly recognised the demand is genuine when the customer is funding the product development from the beginning. After this particular event, their second software product seemed to underline the interaction with customers. The best signal of commitment from the customer is money. On the contrary, if there is no money involved uncertainty rises. Serendipity took an important role in the beginning of this event when the partner met the potential customer in the corner pub. It seems like they give space to serendipities to happen by thinking any people can be a potential customer.

#### *6. Realised they would concentrate on software development*

As a result from the successful software product implementations, they realised that they would concentrate on software development. The second successfully enacted software product was a turning point. They considered themselves flexible in terms of what kind of software applications they would be able to produce. They started looking for any potential customer that would fit the customer centric way, that is, customer is involved already in the opportunity idea phase:

*Interviewee 2: Of course, it is like... it was probably a first.. such a product... it was the second product in a way in which it was found that we may actually be a software company. That is, it does not need to be this kind of ICT-service firm always. So, it was this. This opened doors that... as a software provided. Well, we could make any kind of software. Later, when the firm's name was changed it was clear that we are such a software house too.*

The firm's way has not always been clear. On the other hand, they were always opened to new ideas to see if there is a potential opportunity and secondly they were looking for a focus to avoid chaos or contingency.

*Interview 1 This was not built very organized way or no thought where to focus, and what should be done, it's been pretty chaotic. It has become to someone and then there is made a software and after that there are one day discovered that hey we do have this software, should this sell and... It has been like that. The first five years were pretty chaotic, a bit like that.*

They did not have a formal or defined process to form opportunities. Instead they have experience on the business for many years. They focused on the customers to achieve new business opportunities. Customer and customer need was repeatedly used concepts in the interviews. Both of the interviewees connected money to the customer need which means that the customer is funding a project if there are a real need for it

In summary, they realised they can be a software firm after two successful software cases. They were able to see potential market when an initial customer is willing to cover the development costs. They had realised they have this certain customer centric way how they can successfully implement software projects starting from an idea and turn some of them into scalable products. This encouraged them to focus more on software business. The recognition from the customers in the opportunity production process triggered them to thinking how they could organise the business more effectively in order to achieve growth in a more conscious or a proactive way. This started a new searching process how to organise and to scale up the customer centric model in the software business. Again, they were involved searching activities which made them alert to that serendipity could emerge.

*Event 7. Considered outsider's support, got outsider consultancy*

For the first time, they considered to get an outsider's view for the business in order to grow and develop faster. They considered hiring a sales manager and CEO from outside the firm but eventually they chose to hire a consultant instead:

*Interviewee 1: Sometime two or three years ago the first time we considered... that we should get an outside view. We planned to recruit a Managing Director and Sales Director. In the end, it was decided ... But the situation went on, and we hired consultation from outside. We took a trial... like which one of our existing products can be turn, in a certain short cycle, to gain as much as possible money in order to grow.*

As a result, they decided to focus on the existing products in order to gain as much profit and growth as possible. They chose the second software product to be sold in a nationwide sales campaign for a year. They bought outsider services to support the sales efforts. They achieved success in the sales. This sales campaign was their first experience. Later, they realised that in the future similar approach in sales would entail too high risks due to the very high costs. However, in this case the decision for the costly sales campaign was right because the software product is still generating continuous income and the customer loyalty is good. The firm gains recurring revenue from that product and the cost of it is low which means good profitability in this certain product. Partly due to this, through the entrepreneurial behavior and the way growth in the software business was funded, helped them to enact objectified ideas and get the firm further in becoming a *software house*.

In summary, the customer centric way they created the product proved to be solid because they achieved success in the sales campaign. Mentionable is that they focused on the existing product to figure out growth assisted by the consultancy. They just bought consultancy instead of hiring an outsider CEO. The seed was sown and they become alert to search an outsider perspective into the business.

*Event 8. They got a new partner*

Unexpectedly they met a person who later became their partner. This person lived in the same building where the firm was located. They met in the staircase while he was taking trash out. He asked something about the firm that has moved into the same building. Soon, they got interested in each other. He was an experienced entrepreneur in growing small businesses and he had valuable relationships. The existing partners saw him as a good candidate for the firm because he could be able to boost the business growth:

*Interviewee 1: He has a long experience of growing small businesses bigger and a lot of contacts. In this way, we built a sales organisation. It was quite natural to us. An important factor was that the new partner had experience in e-commerce side, and he had a strong vision that e-commerce is worth of focusing.*

He was interested in bringing in his know-how if he could become a partner. They had about ten conversations during the few weeks before he joined the firm. They settled up an option to buy shares of the firm from the existing partners if growth and profit targets will be achieved. They achieved consensus and they got into the enactment phase. The new partner was able to reach customers in the way of the customer case: customer is covering development costs.

In summary, they got an opportunity to reach new customers through the new partner. They had an existing idea of firstly to grow in the software business and secondly to get an outsider view on the business. In this case, they achieved both after they went through the process they used to do in making opportunity. This opportunity production process started from serendipity. They met in the corridor and later on they got more than they could expect: know-how, visionary views, and real customers.

*Event 9. Focus on software / back to the web shop related business*

They had been interested in the web shop related business since the beginning as seen in the event 2 when it ended in abandonment. Partly as a result from the new partner, the firm went back into the web shop business because the new partner convinced the other owners that it is worth of trying again. The new partner created new sales organisation and they started aiming at bigger customers partly through his relationships he brought with him. They figured a new approach and new customer group for the web shop business as Interviewee 2 stated:

*But now, we have a completely different approach. We use ready-made platform, which is an open-source system. We modify it to fit the customer. We do not desire to make the whole platform itself. We save resources in this phase and use them to extra features and all the possible connections to the platform. In that way, we can make really good solution for the customer. We are an active partner of the customer. Moreover, we target to big customers which are publicly listed companies. The approach is different.*



In that way they went further in meeting the needs of customers. Within these customers they could try to figure out needs for special software projects in the similar way they did in the cases of the two successful software products:

*Interviewee 1: The main product we have is in many ways e-commerce and related systems. We have done a variety of back-end systems, especially something custom designed software is made there in the background.*

They did not acquire any scalable software products yet from these big size customers. They gained growth by increasing the size of the projects they provide for the big customers. This event proves that abandonments are not permanent and the idea can be further developed from the phase of the opportunity idea conceptualisation.

In summary, they continued to implement the customer centric model in opportunity production in the web shop related business. They figured out a new target group which consisted of big customers that partly forms the phase of growth they have achieved. They achieved consensus between the old business field they earlier abandoned, the customer centric model they learnt from early successful software products, and the new partners' propositions that included big customers as target group. They got further in scaling their customer centric model within new customer base.

#### *10. Scale up the web shop related software business*

They achieved fast growth in the software business with new channel to potential customers. An active sales started with new sales organisation. The new sales office was established in Helsinki. They targeted to reach opportunities from a certain customer base:

*Interviewee 1: For the first five year it has been quite chaotic. Now, it gradually begins to settle. And that's what is planned, now they will be separated from each other (ICT services and software businesses) that it is now clear that software focuses on that e-commerce and sellers go and sell this over there for a year now and then we're considering the situation again.*

The way they approached the web shop business and their opportunity production process seems to be proper as Interviewee 1 disclosed:

*Interviewee 1 "I may not know or can not say just exactly why, but clearly we're in a good time and in a good place. However we have been receiving a lot of great suggestions... kind of co-operation and customers... all kind of ... there are interests in us. I guess, those opportunities occur as much as now partly because we visit actively customers out there in Helsinki. And these customers are familiar with other customers and they have... customers have always something going on, projects or something like that stuff and from an afterthought we can hear something. However, yesterday, a really big (customer), it is not even yet customer properly, but maybe, I wish would be a customer, but as an afterthought the customer threw something like "All of our web services would need to be renewed". So there are a lot of opportunities, which could catch on.*

The sales organisation made them able to reach more potential customers into the funnel where they process potential opportunities. The active sale opened doors to customers where from they started get more ideas to try to get further into implementation phase. The impact was major in the firm level:

*Interviewee 2: The change was... an active contacting to new customers too. We did not have any full-time sales persons before this. At the same time, the development of the software side was begun. This was a big one. That's where the results come from. We have sales personnel, we have been in software, we are making web shop business. The business grew significantly. We totally changed our way of thinking. And as a result we changed the name of the firm. So, we are quite an agile actor in this. You can see it: we have modified our way of thinking in e-commerce few times within this journey. And I guess this is not the final time. We are an active player. There are new ideas coming from our employees. They (opportunity ideas) have been tried to figure out from the employees and customers all the time. From the customers perhaps often, at the moment, such new innovations, they need to be to catch. That's why I want to work in the customer interface.*

The process of the four steps seems to be useful and even scalable in this way. Now they are scaling the firm level opportunity they enacted in the previous event number 9. They are implementing the customer centric process in a large scale and they are growing up as a software firm. There is still space for serendipities because both of the partners stated: there can emerge a wide range of ideas from the interaction with the customers. On the other hand, they have agreed on ground rules which enabled them to scale the business. They also said it is not effective to act on all kinds of ideas just to scale the business. There cannot be too many projects going on in the

early phases although there may emerge many ideas during the discussion with the customer. The opportunity objectification happened so that first the two founders processed the ideas intensively and very interactively. Then they went to customers to ask for their opinions.

In summary, they opened a new channel to utilise their customer centric process. Customers are the major source of opportunity ideas they can figure out within the interactive process. These customers are able to fund large scale product development projects. There is still space for serendipities because the partners stated they are open for ideas.

### **4.3. The opportunity formation process**

The opportunity formation process occurs in the events (in the previous chapter 4.2) emerged during the analyse. These particular events are the core of the firm's development which begins with serendipitous events from zero revenue ending up capturing a growing business in a new field. The opportunity formation process through which opportunity ideas are developed into entrepreneurial opportunities at a single product level and the business level can be recognised within the events. The process consists of certain steps which opportunity ideas need to pass in order to become enacted opportunities. These steps can be seen in the action and interaction in some of the major events such as: the event 1, *The firm was founded after the employer went bankrupt*, the event 3, *the first software product*, and the event 5, *The second software product*. On the other hand, the major events itself can be seen as certain steps in the opportunity production process: the event 6, *Realised they would concentrate on software development*, fits in to the conceptualisation of an opportunity idea (Wood & McKinley 2010); the event 7, *Considered outsider's support, got outsider consultancy*, fits in to the opportunity objectification (Wood & McKinley 2010); and the event 4, *Termination of the web shop related software business*, fits in to the opportunity abandonment (Wood & McKinley 2010). Through these steps the idea of becoming a software provider got further in the opportunity formation process.

#### **4.4. Findings**

Based on the analyses in the previous chapters, the main two conclusions can be reached. First, the customer centricity in the entrepreneurs' activities and interaction between the entrepreneurs and stakeholders is crucial in the opportunity formation process starting its early phases. Customer as the key stakeholder can be involved from the beginning in the conceptualisation phase. The customer can be as the primary source of an opportunity idea or as an active stakeholder at the conceptualisation phase in the interaction which results as an opportunity idea. Customer centricity in the opportunity production process is desired by the entrepreneurs. Entrepreneurs focus their activities in a way that they can get stakeholders, which they consider as important such as customer, to be involved in the opportunity formation process since the early phases.

Second, serendipities have a role as the source of opportunity ideas in the opportunity production process. Entrepreneurs are continually involved in some kind of search endeavour and they are alert to be aware of objective opportunities. Therefore, these findings suggest that entrepreneurs are simultaneously engaged in both the discover and the creation types of activities. Entrepreneurs' activities are triggered by serendipities and also may be triggered by other kind of activities which have origins in the opportunity discovery processes.

## 5. DISCUSSION AND CONCLUSIONS

This chapter presents the main findings of the study, as well as the implications of the results both for research and practice. Also, the internal validity and limitations of the study are being evaluated. Finally, suggestions for further research are given.

The purpose was to enlighten on how an opportunity idea becomes an entrepreneurial opportunity and how entrepreneurs are triggered in the opportunity development activities.

### 5.1. Theoretical implications

Answers to the research questions

Main research question was: *How does an opportunity idea become an entrepreneurial opportunity?*

The idea of opportunity or illusion becomes an entrepreneurial opportunity by the action of entrepreneurs and interaction with committed stakeholders. The action and the interaction can be depicted as the process of entrepreneurial opportunity production (Wood & McKinley 2010) which consists of the stages of conceptualization of an opportunity idea, objectification of that idea, entrepreneurial behaviour, and enactment of the opportunity into a new venture. The key triggers of the entrepreneurial activities during the process are customer centricity and serendipities. The enactment phase starts when consensus is high enough within the stakeholders for example when the customer is engaged and covers development costs. Therefore, customers recognise the value and they are willing to pay more for it than the cost of its production is. An idea of opportunity becomes an entrepreneurial opportunity through the opportunity formation process.

Sub question 1: *How the difference between the idea of opportunity and entrepreneurial opportunity can be depicted?*

Idea of opportunity and entrepreneurial opportunity are easily used as synonyms which they are not. Idea can be called as illusion too because entrepreneurial oppor-

tunity is an artefact. This means that some efforts for activities are needed before the idea becomes the entrepreneurial opportunity. Target audience such as certain customers have to acknowledge the value of the “opportunity” and after that, the entrepreneur has a real opportunity to try to make business. Entrepreneur and opportunity are tight together and they do not exist independently. Entrepreneurial opportunity is an artefact made by entrepreneurial methods in which interaction with committed stakeholders is needed. Implementation of the opportunity is beneficial for the entrepreneur.

*Sub question 2: How the entrepreneur’s actions are triggered in the opportunity formation process from an opportunity idea to an enactment?*

Firstly, the entrepreneur’s actions are triggered by customer centricity. The customer centricity in the opportunity production process is desired by entrepreneurs. The entrepreneurs focus their activities in a way that they can get stakeholders, which they consider as important such as customer, to be involved in the opportunity formation process from the early phases onwards.

Secondly, the entrepreneur’s actions are triggered by serendipities. Serendipities have a role as the source of opportunity ideas in the opportunity production process. Entrepreneurs are continually involved in some kind of search endeavour and they are alert to be aware of objective opportunities. Therefore, these findings suggest that entrepreneurs are simultaneously engaged in both the discover and the creation types of activities. Entrepreneurs’ activities are triggered by serendipities and also may be triggered by other kind of activities which have origins in the opportunity discovery processes.

Within the analysis of the data, the hypothesis emerges that the development from an opportunity idea to entrepreneurial opportunity can be depicted as a process. The constructs of the activities that generate entrepreneurial opportunities seem to have similarities to the existing theory (Wood & McKinley 2010). There were two optional process models in consideration: one from Ardichvili et al. (2003) and one from Wood & McKinley’s (2010). During the analysis process, the understanding became

stronger that the opportunity production process (Wood & McKinley 2010) fits well into the events figured out from the data. On the other hand, *The model and units for the opportunity identification and development theory* by Ardichvili et al. (2003) did not suit well because it emphasises less action and interaction but rather focuses on personality trait for example. In addition, the nature of opportunity, as created or artefact, seems to support the use of Wood & McKinley's (2010) process approach. The opportunity in the data can be understood so that it is not only about discovery or creation in its nature but rather entrepreneurial actions and co-creation with stakeholders. Therefore, opportunity can be seen as an illusion and it cannot exist without interaction as Venkataraman et al. (2012) propose.

The emerging constructs from the data can be described through the phases of the opportunity formation process of Wood and McKinley (2010). All phases can be recognised in the analysis but all the fine grained patterns in the phases did not occur as a whole. However, the action and the triggers in each phase are simplified compared to the model of Wood and McKinley (2010). According to the investigation, the focus of activities emphasises the two triggers: the customer centricity and the alertness to serendipities.

Another observation is that the complete potential of an opportunity can emerge during the enactment phase of an ordinary opportunity. This observation is in line with the existing literature which states that in the creation process no possible results nor their probability can be known in advance (Alvarez et al. 2013).

Ardichvili et al. (2003) propose an opportunity identification and development theory which consists of five key elements: entrepreneurial alertness, information asymmetry and prior knowledge, social networks, personality traits, including optimism and self-efficacy, and creativity and type of opportunity itself. Wood and McKinley (2010) have modelled the production of entrepreneurial opportunity based on a constructivist perspective meaning that opportunity creation cannot happen apart from the entrepreneur. In that model, opportunity production proceeds through the stages of conceptualization of an opportunity idea by an entrepreneur, objectification of that

idea, and enactment of the opportunity into a new venture. In this thesis, the Wood & McKinley (2010) model was used as the framework to study the opportunity formation because the process-like approach seems to fit to depict the patterns found from the data. All major events found from the research data fit into the Wood & McKinley model well.

## **5.2. Theoretical contributions**

This study contributes to the existing literature of entrepreneurship, and in more detail, the opportunity related process literature. Findings support the existing theory of the entrepreneurial opportunity production process by Wood & McKinley (2010).

Two main contributions are proposed to the entrepreneurial opportunity production process by Wood & McKinley (2010). First, stakeholders, such as customers, can be involved in the process in the early stages such as in the conceptualisation of an opportunity idea. The customer can be as the primary source of an opportunity idea or as an active stakeholder at the conceptualisation phase in the interaction which results in an opportunity idea. The customer centrality in the opportunity production process is desired by the entrepreneurs. The entrepreneurs focus their activities in a way that they can get stakeholders, which they consider to be as important as customer, to be involved in the opportunity formation process from the early phases onwards.

Second suggested contribution is that entrepreneurs are simultaneously engaged in both the discover and the creation types of activities during the opportunity production process. Serendipities have a role as source of opportunity ideas in the opportunity production process. Entrepreneurs are continually involved in some kind of search endeavour and they are alert to be aware of objective opportunities. Entrepreneurs' activities are triggered by serendipities and also may be triggered by other kinds of activities which have origins the opportunity discovery processes.

## **5.3. Managerial implications and managerial contributions**

*Managerial implications*



This study is interested in researching daily activities that entrepreneurs do to improve their businesses in which entrepreneurial opportunities have a key role. Becoming a software company is a big scale opportunity the company is implementing. The big opportunity comes true through smaller events and opportunities that contribute to the big one. This thesis provides insight into how the organisation works on ideas and development of an opportunity

Nowadays businesses are strongly dependent on software and the basic demand for software is increasing which favours the company. For instance the demand for on-line services increases the popularity of software providers constantly. Therefore, the firm studied in this thesis is operating in a growing market of software services. It is like a plumber firm looking for opportunities and dealing with booming construction field with the exception that software may scale up easily if you find a proper solution for a certain issue in the market. Basic demand for software in business is the same as people's demand for food. Entry barrier is certainly low to start a new software business because there is no need for massive investments.

The current web shop businesses nowadays involve the customer. Some of the services provide a basic solution which is then customized. On the other hand, some of the solutions are built uniquely.

Both interviewees brought up the same major events in the company history and they both were customer-oriented. They share the understanding that close customer interaction contributes to the opportunity formation. Interviewee 1 was of the opinion that business growth is based on existing large scale customer projects while Interviewee 2 was open to new kinds of projects which could scale up.

The appearance of the new partner was a significant event in the path to becoming a real software company. The new partner forced them to make decisions, work more professionally, focus and increase efficiency. Volume based and scalable projects are more profitable and consequently, new and smaller, although interesting, projects were prioritised lower.

The studied opportunity making process fits into the Wood and McKinley's (2010) model and it can be summarised as follows. The idea becomes a real opportunity when customers acknowledge the value and are involved with their money. Thus entrepreneurs should heavily attach themselves to their end customers and interact with them during their opportunity making activities. The results indicate that the opportunities can be developed through activities and events in an agile way. When an idea arises it needs to be objectified by, for example, discussing with peers such as colleagues and later ask the potential customer for opinions. Customers can be involved in the first phases when discussing the idea or the customer can even be the primary source of the idea. A consensus among stakeholders is needed to enter into the enactment phase. Enactment of the opportunity starts when the customer is involved in funding the project. Opportunities, which are originally small, can become more attractive opportunities during enactment. That is, the opportunity production process is repeated by processing ideas arisen for the entrepreneurs in the previous enactment phase. All of the opportunities did not succeed even though they went through the enactment phase.

#### *Managerial contributions*

Researching entrepreneurial opportunities and activities behind them helps to understand and conceptualise actions in organisations. Through understanding and recognising patterns behind entrepreneurial opportunities new ends can be achieved instead of the same existing ends with new ways. In the best case scenario, an organisation can repeat several times the same formula to make new opportunities in their business.

The opportunity itself and the quality of it may vary widely. In this respect, the action of execution by the entrepreneur is in a key role and it is vital to have a deep understanding of the action that leads to certain kind of manifestations of opportunities. This may help to repeatedly achieve desired opportunities.

Serendipities happened unexpectedly like the starting point for the firm. Even though it happened unexpectedly the entrepreneurs were alert to conceptualise the objective

opportunity mostly because they were engaged in certain search activities. Therefore, serendipities can be utilized in areas you are aware about. Perhaps, they would have not founded the firm if they were not interested in establishing a business.

Discovery and creation types of opportunity production activities have different implications in the business. This may lead to conflicts. For example, when considering hiring a leader for the business different sets of skills are needed depending on which types of opportunities the firm is exploiting. On the other hand, as this study shows there can emerge both the discovery and the creation features in the opportunity production process.

Entrepreneurship can be used as a tool to creating new opportunities. Businesses are always looking for opportunities to improve. Thereby, a toolkit to make new opportunities repeatedly is needed. The research on entrepreneurship and entrepreneurial opportunities is the foundation to develop new practical methods for organisations.

#### **5.4. Limitations of the study and internal validity**

The empirical data in this study was collected by semistructured interviews. The interviewees consisted of the two owners of the company. One limitation in this study is that the initially planned third partner's interview did not happen due to business priorities. Consequently, the research data may have been complemented by the third interview. In addition, second interview round may have been useful to complement initial analysis especially in investigating the major events in more detail. Multiple data collection methods, which can be relevant in this study, such as observations and archival sources, were not used and therefore stronger substantiation of constructs or hypotheses could not be done by the triangulation (Eisenhardt 1989).

In overall, the gathered research data was thorough and rich in content. This is mostly due to the well-prepared and structured interviews and the atmosphere in both the occasions. The interviews occurred within one week which increased situational reliability.

The internal validity of the study could be higher if theoretical saturation with multiple cases would have been reached. There can be considered seemingly similar and different cases from not only the similar context such the small software company used in this study. Searching for cross-case patterns and making cross-case comparisons is counteracting the danger that researcher reaches premature or false conclusions as a result of information processing biases. (Eisenhardt 1989.) The company, in which the case process has been studied, was mostly successful. However, considerable comparisons can be done with another case for example from other small size organisation or a case from a failure business context.

On the other hand, the data provided reasonably good “understanding of the dynamics of why or what is happening” that increases the internal validity. To reach higher internal validity, this report strives to show why these certain constructs derived from the data are relevant and tries to distinct them from other potential constructs. (Eisenhardt 1989.) Due to the limited resources, one case was investigated and one round of interviews was applied.

Basically, the results can be generalised by applying the same theory are implicated to other similar situations where similar concepts might be pertinent (Yin 2011: 100).

### **5.5. Directions for the future research**

It would be interesting to study further discovery type of activities and their implications in the constructivist opportunity production process. This subject is reaching more attention among the entrepreneurship researchers and yet limited number of studies exists on the subject.

In addition, opportunity as artefact and the entrepreneurial methods used as a tool to make new ventures deserve to be investigated more.

## REFERENCES

- Alvarez SA & Barney JB. (2007) Discovery and creation: alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal* 1(2): 11-26.
- Alvarez SA & Barney JB. (2010) Entrepreneurship and Epistemology: The Philosophical Underpinnings of the Study of Entrepreneurial Opportunities. *Academy of Management Annals* 4(1): 557-583.
- Alvarez SA, Barney JB & Anderson P. (2013) Forming and Exploiting Opportunities: The Implications of Discovery and Creation Processes for Entrepreneurial and Organizational Research. *Organization Science* 24(1): 301-317.
- Ardichvili A, Cardozo R & Ray S. (2003) A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing* 18(1): 105-123.
- Baker T & Nelson RE. (2005) Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage. *Adm Sci Q* 50(3): 329-366.
- Balnaves M & Caputi P. (2001) *Introduction to Quantitative Research Methods*. London, England: Sage Publications, Ltd.
- Baron RA. (2006) Opportunity Recognition as Pattern Recognition: How Entrepreneurs "Connect the Dots" to Identify New Business Opportunities. *The Academy of Management Perspectives* 20(1): 104-119.
- Dew N. (2009) Serendipity in Entrepreneurship. *Organization Studies* (01708406) 30(7): 735-753.
- Dew N, Read S, Sarasvathy SD & Wiltbank R. (2011) On the Entrepreneurial Genesis of New Markets: Effectual Transformations versus Causal Search and Selection. *Journal of Evolutionary Economics* 21(2): 231-253.
- Dimov D. (2011) Grappling With the Unbearable Elusiveness of Entrepreneurial Opportunities. *Entrepreneurship: Theory & Practice* 35(1): 57-81.
- Dutta DK & Crossan MM. (2005) The Nature of Entrepreneurial Opportunities: Understanding the Process Using the 4I Organizational Learning Framework. *Entrepreneurship: Theory & Practice* 29(4): 425-449.
- Eisenhardt KM. (1989) Building Theories from Case Study Research. *Academy of Management. The Academy of Management Review* 14(4): 532-550.
- Gartner WB. (1989) "Who Is an Entrepreneur?" Is the Wrong Question. *Entrepreneurship: Theory & Practice* 13(4): 47-68.
- Gartner WB. (2010) A new path to the waterfall: A narrative on a use of entrepreneurial narrative. *International Small Business Journal* 28(1): 6.
- Hjorth D. (2007) Lessons from Iago: Narrating the event of Entrepreneurship. *Journal of Business Venturing* 22(5): 712.

- Hjorth D, Jones C & Gartner WB. (2008) Introduction for 'Recreating/Recontextualising Entrepreneurship'. *Scandinavian Journal of Management* 24(2): 81-84.
- Klein P,G. (2008) Opportunity discovery, entrepreneurial action, and economic organization. *Strategic Entrepreneurship Journal* 2(3): 175-190.
- Koskinen I, Alasuutari P, & Peltonen T. (2005). *Laadulliset menetelmät kauppatieteissä*. Tampere: Vastapaino.
- Mainela T, Puhakka V & Servais P. (2014) The Concept of International Opportunity in International Entrepreneurship: A Review and a Research Agenda. *International Journal of Management Reviews* 16(1): 105-129.
- Read S, Song M & Smit W. (2009) A meta-analytic review of effectuation and venture performance. *Journal of Business Venturing* 24(6): 573-587.
- Sarason Y, Dean T & Dillard JF. (2006) Entrepreneurship as the nexus of individual and opportunity: A structuration view. *Journal of Business Venturing* 21(3): 286-305.
- Sarason Y, Dillard JF & Dean T. (2010) How can we know the dancer from the dance?: Reply to "Entrepreneurship as the structuration of individual and opportunity: A response using a critical realist perspective". (Mole and Mole, 2008). *Journal of Business Venturing* 25(2): 238-243.
- Sarasvathy SD. (2001) Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review* 26(2): 243-263.
- Sarasvathy SD & Venkataraman S. (2011) Entrepreneurship as Method: Open Questions for an Entrepreneurial Future. *Entrepreneurship: Theory & Practice* 35(1): 113-135.
- Scott S & Venkataraman S. (2000) The promise of entrepreneurship as a field of research. *Academy of Management Review* 25(1): 217-226.
- Steyaert C & Katz J. (2004) Reclaiming the space of entrepreneurship in society: geographical, discursive and social dimensions. *Entrepreneurship and Regional Development* 16(3): 179-196.
- Stopford JM & Baden-Fuller C. (1994) Creating Corporate Entrepreneurship. *Strategic Management Journal* 15(7): 521-536.
- Venkataraman S, Sarasvathy SD, Dew N & Forester WR. (2012) Reflections on the 2010 Amr Decade Award: Whither the Promise? Moving Forward with Entrepreneurship as a Science of the Artificial. *Academy of Management Review* 37(1): 21-33.
- Wood MS & McKinley W. (2010) The production of entrepreneurial opportunity: a constructivist perspective. *Strategic Entrepreneurship Journal* 4(1): 66-84.

Yin RK. (2003) *Case Study Research: Design and Methods.* : Sage Publications, Inc.

Yin RK. (2011) *Qualitative Research from Start to Finish.* New York: The Guilford Press.

## Appendix 1

### The interview themes

#### TAUSTAINFORMAATIO

Työkokemus ja koulutus  
Kiinnostus liiketoimintaan ennen nykyistä ja aikaisempi kokemus liiketoiminnasta

Omistussuhde

Omat odotukset ja hyödyt

Tyypillinen työpäivä (omaa toimenkuva, työtehtävät)

#### LIIKETOIMINTAMAHDOLLISUUS

Yrityksen alkutilanne

Toiminnan tärkeimpiä tapahtumia

Kasvu ja sen lähteet

Resurssit ja osaaminen

Riski, riskisyys

Tavoitteet

Markkina, missä toimitaan ja/tai markkina, johon pyritään

Uusien ideoiden syntyminen

Päätös toimia (hyvä liiketoimintamahdollisuus)

Konkretisointikäytännöt

Päätös hylätä mahdollisuus

Kokemuksia onnistumisesta / epäonnistumisesta

Tekeminen ja tapahtumat tällä hetkellä, osallistujat

#### VUOROVAIKUTUS LIIKETOIMINTAMAHDOLLISUUDEN KEHITTÄMISESSÄ

Osakkaiden keskinäinen suhde

Keskustelun mielenkiinnon kohteet

Tekeminen, keskustelutilanteet

Rutiinit / Improvisaatiotilanteet

Oma rooli ja vaikuttamismahdollisuus

Päätöksiin vaikuttavat tekijät

Lopullisen päätöksen tekeminen

Vaikutukset vallitsevaan tilanteeseen

Muut keskusteluun ja tekemiseen osallistuvat

Suhde markkinan kanssa

Markkinatiedon hankkiminen

Palautteen saaminen

Palvelun/tuotteen kehittäminen asiakkaiden kanssa

#### BACKGROUND INFORMATION

Professional experience and education

Interest in the business before the current and the previous experience of business

Ownership, partners

His own expectations and benefits

A typical working day (his own job description, tasks)

#### BUSINESS OPPORTUNITY

The company's initial situation

The most important events

Growth and its sources

Resources and expertise

Risks

Goals, objectives

The market where they operate and / or the market they aim to

The emergence of new ideas

The decision to act (a good business opportunity)

Practices

The decision to reject opportunity

Experiences of success / failure

Current activities and ongoing events, the participants

#### INTERACTION IN BUSINESS OPPORTUNITY DEVELOPMENT

The relationship between the partners

Interests in the current discussions

Activities, discussion situations

Routines / improvisation situations

His own role and ability to influence

Factors affecting decisions

Making the final decision

The effects of the prevailing situation

Other participants in the discussion and action

The relationship with the market

Obtaining market information

Getting feedback

The development of a product / service with customers