

# **Sense-making perspectives in entrepreneurial opportunity recognition: Review and agenda for future research**

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**Figure 1: Theoretical foundations of the study**

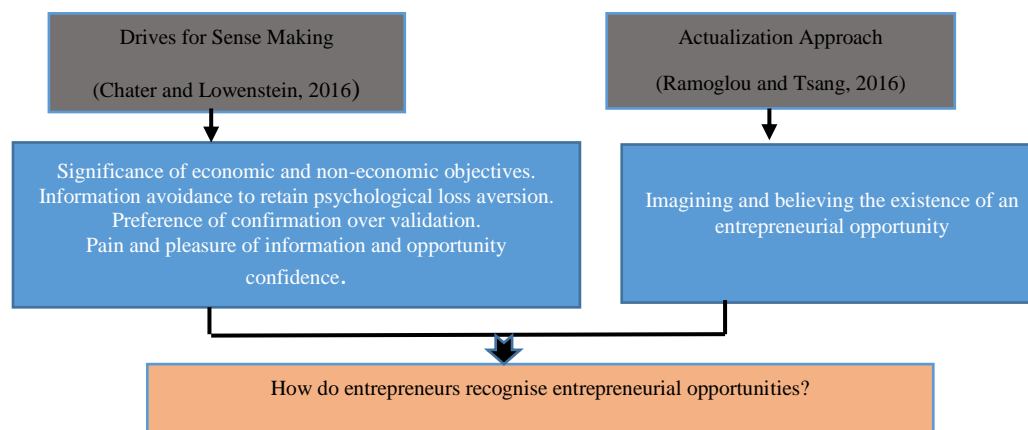


Figure 2: An integrated conceptual framework for the entrepreneurial opportunity recognition process

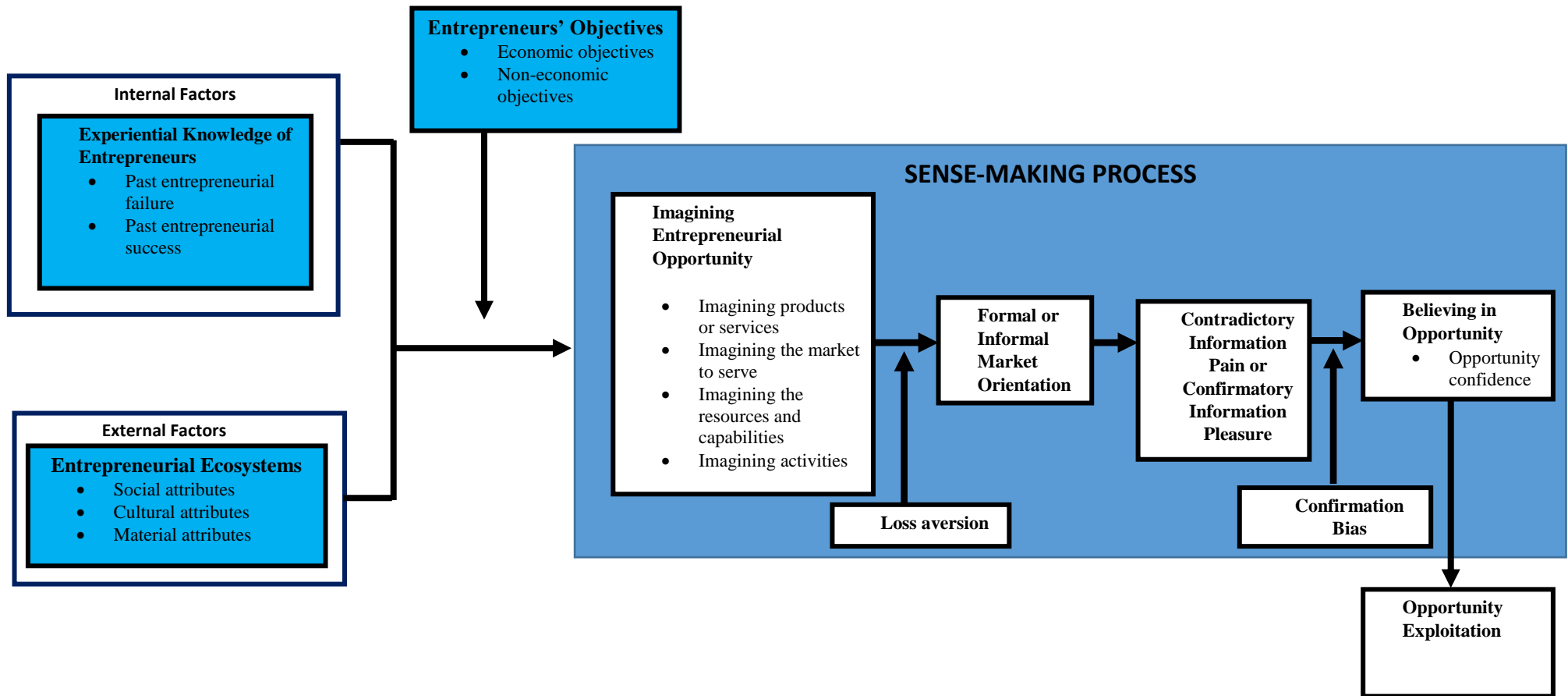


Figure 3: An Illustration of Confirmation Bias (Source: kindism.org)

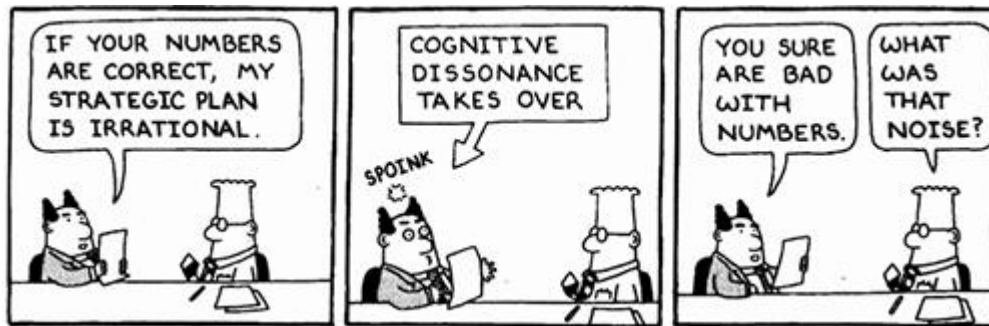


Table 1: Limitations of Previous Opportunity Recognition Approaches

Approaches for Opportunity Recognition	Potential Limitations
<u>Price centric approach</u> Identification of price variation Resource allocation Development of new products and services	<ul style="list-style-type: none"> <li>• A mere variation of prices of raw material, goods, and services do not carry all the information necessary for opportunity recognition.</li> <li>• Information regarding competitors, customers, and future trends are noteworthy.</li> <li>• Role of the agent i.e. entrepreneurs' efforts are ignored.</li> </ul>
<u>Discovery Approach</u> Alert entrepreneurs Identification of opportunities (objectivity) Evaluation of opportunities Exploitation of opportunities	<ul style="list-style-type: none"> <li>• Unable to answer: why only a few entrepreneurs can and others cannot see entrepreneurial opportunities?</li> <li>• Ignores the role of entrepreneurs in shaping and continuous development of opportunities.</li> <li>• Considers entrepreneurs as superhumans who ex-ante can discover any opportunities.</li> </ul>
<u>Creation Approach</u> Entrepreneurial effort Creation of opportunities (subjectivity) Exploitation of an opportunity	<ul style="list-style-type: none"> <li>• Ignores the objective existence of opportunities.</li> <li>• Overlies on agency efforts to create any opportunity.</li> </ul>
<u>Actualization Approach</u> Imagination of an opportunity (subjectivity) Believability of an opportunity (subjectivity) Identification of an opportunity (objectivity) Opportunity exploitation by profit making	<ul style="list-style-type: none"> <li>• Does not elaborate on differences in antecedents of opportunity imagination and believability.</li> <li>• Overlies on profitability as a mere objective of an opportunity recognition.</li> <li>• Does not address: why entrepreneurs do not always make a perfect sense of an opportunity, even if they think they have.</li> </ul>

**Table 2: Stability and Flexibility of Institutions (adapted from Young et al., 2018)**

<b>Flexibility</b>			
		<i>High</i>	<i>Low</i>
<b>Stability</b>	<i>High</i>	<p>Strong allocation and enforcement of property rights</p> <p>Labor laws provide freedom of hiring and firing at will.</p> <p>Financial regulations are transparent for investors and provide a variety of financing options.</p>	<p>Strong allocation and enforcement of property rights</p> <p>Labor laws restrict hiring and firing at will.</p> <p>Financial regulations provide limited funding options and are burdensome.</p>
	<i>Low</i>	<p>Absenteeism of property rights or enforcement.</p> <p>Labor laws provide freedom of hiring and firing at will.</p> <p>Financial regulations are transparent for investors and provide a variety of financing options.</p>	<p>Absenteeism of property rights or enforcement.</p> <p>Labor laws restrict hiring and firing at will.</p> <p>Financial regulations provide limited funding options and are burdensome</p>