

**Sustainable Entrepreneurship:
Broadening the Definition of ‘Opportunity’**

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Abstract

The ‘New Economy’ and its offspring, the ‘New Competitive Landscape’, are oft-characterized as producing ‘new forms’ and ‘new functions’, often from ‘new voices’. This paper discusses one set of under-appreciated ‘new voices’ producing ‘new winners’ that are arising from proactively seeking opportunities that are sustainable not just on the economic dimension but also on social and environmental dimensions. Over the last several years, a working group of scholars and practitioners has focused on a broader definition of ‘opportunity’, broadening the construct of ‘opportunity’ to include social and environmental dimensions. It is a most opportune time to recognize that, for entrepreneurial managers, ‘opportunity’ is much more than economic.

Introduction

Opportunity-seeking is essential for organizations to survive in the new competitive landscape. One aspect of increased competitive pressure arises from an expanded set of pressures which push the organization to ‘add value’ to their environments, especially social and environmental. However, we also observe that individuals and organizations are increasingly focused on the ‘pull’ of environmental and social opportunities (e.g., Hawken 1993; Porter & van der Linde, 1995). That is, there exist significant perceived opportunities that are both economically sustainable and environmentally beneficial.

An important question is “Why do strategic decision makers of some firms fail to see what appears objectively to be a lucrative new opportunity (from the environmental perspective of stakeholders)?” In short, how do we encourage the identification of viable, environmental opportunities? We must recognize that opportunity is in the eye of the beholder. That is, we construct or enact opportunities; we do not ‘find’ them.

Well-developed theory and robust empirical evidence demonstrates how perceptions of organization members, channeled through intentions, can inhibit - or enhance - the pursuit of new opportunities. This analysis proposes an intentions-based model of how environmental opportunities emerge and offers suggestions how to develop a cognitive infrastructure that is opportunity-friendly. *How then do we develop such ventures? Do they really exist? If so, how can we sustain the sustainability?*

The Nature of ‘Sustainable’ Opportunity: Theory and Evidence

First, we must consider the nature of entrepreneurship itself. If voluntary forces such as markets are to benefit the environment or other social issues, some person must identify an opportunity sufficiently enticing to motivate action. That’s what entrepreneurs do; they are alert to opportunities, motivated to act on them, and able to mobilize resources to pursue them.

Acting on an opportunity requires that someone first see that opportunity. However, seeing opportunities can be more difficult than it seems. Entrepreneurial thinking requires a cognitive focus on seeking opportunities, while bureaucratic thinking emphasizes avoiding threats.

Fortunately, we already know the critical antecedents of entrepreneurial thinking: A potential opportunity must be perceived as both desirable and feasible. This is just as true for environmentally-friendly opportunities.

A COGNITION-BASED MODEL OF ENVIRONMENTAL OPPORTUNITIES

The centrality of perceptions in opportunity identification argues for taking a cognitive approach for insights into the nature of innovative activity and how to nurture it. In particular, social psychology offers the construct of intentions as a consistently useful device to integrate past findings from a theory-driven, empirically robust vantage (Ajzen, 1987; Tubbs & Ekeberg, 1991). Intentions models prove consistently robust both in explanatory power and predictive validity. This conceptual framework thus offers a parsimonious mechanism for diagnosing barriers to the pursuit of environmental opportunities.

How Are Environment-Based Opportunities Perceived?

First, organizations do not see opportunities, individuals do. In Krueger and Brazeal's words, entrepreneurial potential requires potential entrepreneurs (1994). An organization with a strong orientation toward seeing opportunities must support individual organization members who have that orientation toward opportunities. **Second**, we have a natural tendency to simplify the world by categorizing situations. Here, we tend to categorize environmental issues (from a strategic perspective) into opportunities and threats in an ongoing, continuous process. We also know that perceptions of opportunity depend closely on perceptions that a situation is positive and that it is controllable (Dutton, 1993). **Third**, opportunity perceptions reflect an intentional process. In short, intentions are driven by perceptions of feasibility (e.g., controllability) and by perceptions of desirability (e.g., positiveness). Fishbein and Ajzen have developed a theoretically sound, empirically robust framework for understanding intentions that appears applicable to most planned behaviors, specific or general, proximal or distal. **Fourth**, we have some understanding of the mental models that entrepreneurs (innovators) share, the scripts and schema that differentiate entrepreneurs from non-entrepreneurs (Bird, 1988; Mitchell & Chesteen, 1996). It seems probable that we have cognitive access to both an opportunity schema and a threat schema. Which schema is activated first (or activated more strongly) depends on critical cues from the environment. **Fifth**, a review of the literatures on entrepreneurship and innovation finds strong arguments for intentionality (Bird, 1988; Katz & Gartner, 1988), existing applications of intentions models and the impact of self-efficacy (Krueger & Brazeal, 1994).

Increasing An Organization's Potential for Seeking Environmental Opportunities

What influences an organization's readiness for the change required to pursue new opportunities? What is necessary for an organization to learn how to identify new opportunities? Senge (1992) focuses on what he labels simply "mental models": Managers' and employees' internalized cognitive schemata that guide much of their daily activity. We all need multiple schemata to adapt to a changing world. In turn, this requires that we learn multiple mental models and that we learn how to learn new schemata.

Intentions are at the heart of all this. Intentionality is deeply ingrained in how we process information into action. Any planned behavior is intentional by definition, thus strategic behaviors are inherently intentional. As such, it becomes useful to understand that intentions depend on a handful of critical antecedents. Personal and situational influences affect intent only

by affecting these critical antecedents. The latest version of the intentions framework, Ajzen's 'theory of planned behavior' posits that intentions toward a given target behavior depend on certain fundamental underlying attitudes. These specific attitudes reflect decision makers' attributions about a potential course of action. Decision makers should perceive the course of action as (a) within their competence and control (thus feasible), as (b) personally desirable and (c) consonant with social norms. Barriers to any of the critical antecedents will represent a substantive inhibition to an organization's intent to seek and act on opportunities. If we inhibit the intent, we inhibit the action.

Insert Figure 1 about here

Critical Attitudes: Ajzen's theory of planned behavior argues that perceptions of desirability and feasibility explain (and predict) intentions significantly. Intentions are driven by perceptions that outcomes from the behavior are personally desirable and that they are socially desirable. Figure 1 shows that intentions toward adopting an environmental opportunity are best predicted by three critical perceptions: (a) that the innovative activity is (a) perceived as personally desirable, (b) perceived as supported by social norms, and (c) perceived as feasible.

Exogenous Factors: How do intentions models handle other variables, those that are exogenous to the attitude-intention-behavior process? Exogenous factors such as individual differences and purely situational influences operate indirectly on intentions (and thus behavior) by changing these antecedents, not by directly affecting intentions.

Precipitating Factors: Research also suggests that certain exogenous variables can serve to facilitate or 'precipitate' the realization of intentions into behavior (Shapiro, 1982; Krueger & Brazeal, 1994; Stopford & Baden-Fuller, 1994).

Demonstrated Antecedents of Intentions

Perceived Desirability - Personal Attitude: In the Ajzen-Fishbein framework, personal attitude depends on perceptions of the consequences of outcomes from performing the target behavior: their likelihood as well as magnitude, negative consequences as well as positive, and especially intrinsic rewards as well as extrinsic (in short, an expectancy framework). However, the model also argues that these perceptions are learned.

Perceived Desirability - Social Norms: Social norms represent perhaps the most interesting component of the Ajzen-Fishbein framework. This measure is a function of perceived normative beliefs of significant others (e.g., family, friends, co-workers, etc.) weighted by the individual's motive to comply with each normative belief. Social norms often reflect the influence of organizational (or community) culture. That is, the impact of climate and culture on intent operates by its impact on perceptions of desirability (and perhaps feasibility as well). For example, work group relationships do influence individual innovation (Scott & Bruce, 1994).

Perceptions of Feasibility - Self-Efficacy: Albert Bandura and his associates have developed and elaborated a social-cognitive model of human agency (e.g., Bandura, 1986, 1995). This model argues that taking action requires consideration of not just outcome expectancies (i.e., desirability) but also perceived self-efficacy (i.e., feasibility). This becomes particularly critical with significant strategic change (e.g., a new venture into a range of environmentally friendly products). Bandura defines self-efficacy as an individual's perceived ability to execute some

target behavior. Thus, it reflects the perception of a personal capability to do a particular job or set of tasks. Measuring perceived efficacy is relatively straightforward; one can use simple self-report measures (Bandura, 1986; Eden, 1992).

Perceptions of Feasibility - Collective Efficacy: However, perceptions of personal competence need not translate into perceptions of organizational competence. If fellow organization members are needed to support an intention, perceptions of collective efficacy are likely to be important (Bandura 1986, 1995). This point is crucial: Organization members may be perfectly capable of finding and promoting new opportunities and their self-efficacy beliefs may be high. Yet, perceptions that collective efficacy is low can inhibit opportunity seeking.

Exogenous Factors: Research often examines variables other than attitudes and intentions, but intentions models posit that these exogenous variables operate indirectly on intentions (and thus behavior). As the model suggests, most exogenous factors influence intentions (and behavior) through influencing one or more critical attitudes.

Precipitating Factors: As Figure 1 suggests, exogenous factors may also influence the intention-behavior relationship by precipitating, or facilitating the realization of intentions (Shapiro, 1982; Ajzen, 1987; Stopford-Fuller & Baden, 1994). One such factor may be perceptions of resource availability (Triandis, 1967) or a personal propensity to act on environmental opportunities (Shapiro, 1982).

Building a Supportive Cognitive Infrastructure

Shapiro (1982, 1985) argues that for an organization to maintain a reasonable supply of opportunity-seeking individuals requires that organizations provide a congenial environment - from the perspective of the prospective opportunity-seekers. Opportunity-seekers may enact an organizational environment that is personally favorable, but doing so requires a learning-supportive cognitive infrastructure. How do we help organization members perceive more environmental opportunities as desirable and feasible?

Shapiro proposed that communities and organizations seeking to innovate should provide what he called a 'nutrient-rich' environment for potential entrepreneurs. This 'seedbed' would provide intangible 'nutrients' such as credible information, credible role models, visible social norms, and emotional/psychological support as well as more tangible resources. McGrath (1995) points out that organizations need to support its members in learning from adversity. Organizations should provide opportunities to attempt innovative strategies at relatively low risk (i.e., trying and failing is not career-threatening).

Consider the useful metaphor of the antenna. We are much more likely to notice (and take seriously) signals from directions we are already looking. Intentions contribute to how an organization's antennae are 'tuned.' We are less likely to notice opportunities from directions that do not appear desirable and feasible. Increasing the perceived desirability and feasibility of environmental opportunities should 'tune' the antenna in that direction. As such, organization members are obviously more likely to respond to highly credible cues. Increasing the credibility of cues that encourage the pursuit of environmental opportunities may require the perception of signals from more credible sources such as top management, a visible champion, or a trusted

mentor. The cognitive infrastructure should enhance perceptions in organization members that an environmental opportunity is personally and socially desirable and that members are personally and collectively competent to pursue environmental opportunities. Such a cognitive infrastructure would provide the empowerment needed to promote more proactive seeking of environmental opportunities.

(a) Increasing Feasibility Perceptions: To promote feasibility perceptions about environmental opportunities, we need to increase perceptions of personal ("I can do this") and collective ("We can do this") efficacy. Perceived feasibility entails perceptions that resources are available and obstacles are surmountable (including the obstacle of having tried and failed). Fortunately, promoting perceived efficacy is relatively straightforward and reasonably well understood; we already know how to do this (Eden, 1992). Organizations and communities need to be vigilant in providing the necessary explicit cues and explicit support. As already noted, providing hands-on (and generalizable) mastery experiences that increase perceptions of personal (and collective) efficacy are invaluable.

(b) Increasing Desirability Perceptions: However, desirability perceptions may require more complicated interventions. Increasing perceived desirability requires that individuals perceive mostly positive outcomes for their innovative activity, including intrinsic rewards such as a supportive culture. Again, objectively supportive reward systems need not be perceived as such by the person rewarded. Supportive formal rewards can be trumped by informal punishments (Brazeal & Weaver, 1990).

CONCLUSIONS

Understanding what inhibits entrepreneurial activity in an organization activity requires understanding how we construct intentions toward a prospective course of action. Mental models of what we intend reflect why we intend an action. Intentions-based models capture how individuals really formulate mental models. Perceptions of desirability (personal and social) and perceptions of feasibility (personal and organizational) are critical to the construction of intentions toward important behaviors. An organization's cognitive infrastructure should enhance, not impede, these critical perceptions.

The pursuit of entrepreneurial opportunities appears quite amenable to the use of such models in teaching and practice as well as research. We look forward to further testing the model.

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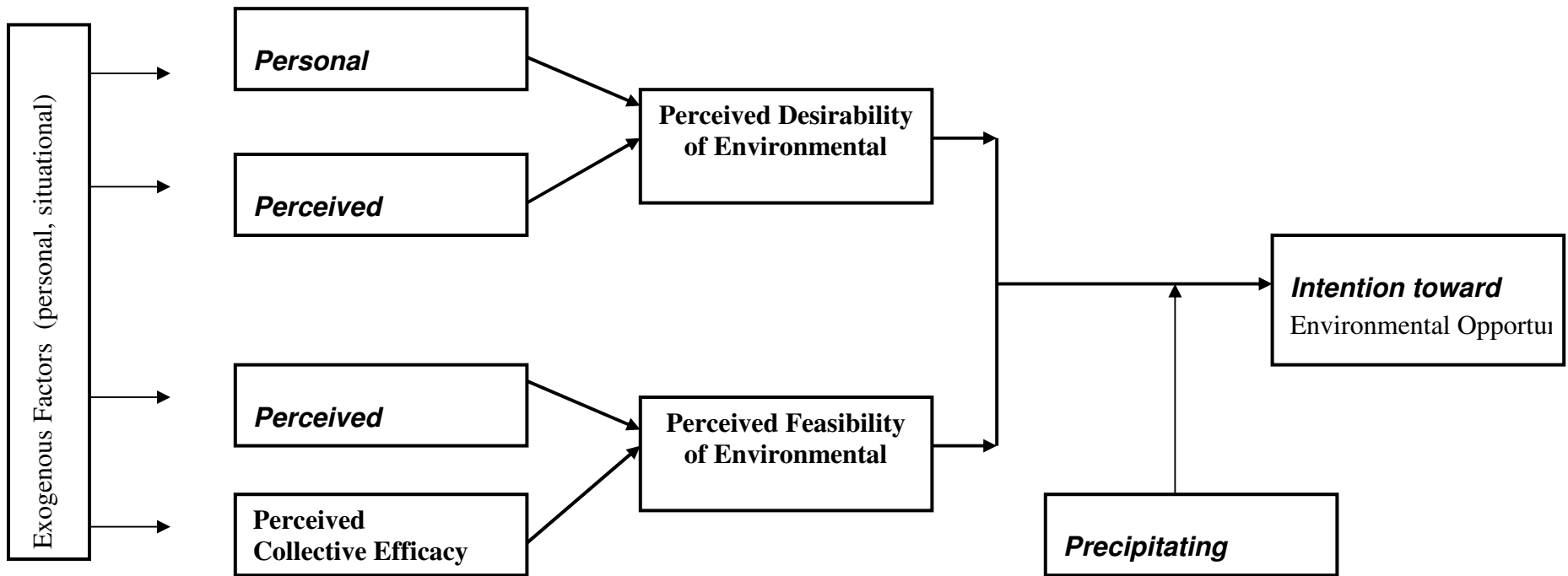


Figure 1. Intentions Model (Shapero, 1982; Krueger, 1993)