

Review and Prospect of Entrepreneurial Opportunity Identification Research

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Abstract

Entrepreneurial opportunity identification is the only way for entrepreneurial success. By sorting out the relevant literature in the field of entrepreneurial opportunity, the concept of entrepreneurial opportunity is defined, and the research framework of "antecedent-process-result" of entrepreneurial opportunity identification is proposed, the process of opportunity identification is analyzed, and distinguish related concepts such as identification, evaluation and development of entrepreneurial opportunities, summarizes the influencing factors of entrepreneurial opportunity identification and the subsequent impact mechanism on new ventures, and finally gives an outlook on future related research.

Keywords

Entrepreneurial Opportunity; Opportunity Identification; Literature Review.

1. Introduction

In the current era, entrepreneurial activities have received unprecedented attention. China's entrepreneurship market is booming. According to the 2021 "China Youth Entrepreneurship Development Report", more than 8.5 million new market entities will be established in 2020. Under the current wave of innovation and entrepreneurship, the identification of entrepreneurial opportunities becomes more important[1]. Entrepreneurial opportunity identification is not only the key to start entrepreneurial activities, but also a crucial step towards entrepreneurial success[2]. Entrepreneurial journey is like leveling up and fighting monsters. Only by overcoming all difficulties and bumps can we lead to the door to success. The identification of entrepreneurial opportunities is the ticket to enter this journey. Only after identifying the opportunity can we talk about starting a business. At the same time, the identification of entrepreneurial opportunities is also the key to opening the door to success. Only by identifying, developing and making good use of opportunities can entrepreneurial success be achieved. Whether it's Jack Ma or Bill Gates, one of the main reasons for the success of these entrepreneurs is to seize good entrepreneurial opportunities at the right time. Someone once said that "waiting for opportunities is a very clumsy behavior", so how to spot opportunities, seize opportunities and take advantage of them is a question worthy of in-depth discussion.

The entrepreneurial boom not only makes more people participate in entrepreneurial activities, but also makes academia pay more attention to the field of entrepreneurship. With the in-depth research on the field of entrepreneurship, the related literature on entrepreneurial opportunity identification is also increasing. The early literature on entrepreneurial opportunity identification mainly explored the individual differences of entrepreneurs who found opportunities. Later, Shane and Venkataraman found that the core of entrepreneurial opportunity identification research is the entrepreneurial opportunity itself, not the entrepreneur who finds the opportunity[3]. Research on entrepreneurial opportunity

identification can be divided into three categories: the antecedent variables of entrepreneurial opportunity identification, the process of entrepreneurial opportunity identification, and the outcome variable of entrepreneurial opportunity identification, that is, to follow the logic of "antecedent-process-result" to discuss entrepreneurial opportunities. By reviewing the relevant literature on entrepreneurial opportunity identification in the past, this paper mainly answers the following questions: What is entrepreneurial opportunity? What is the process of entrepreneurial opportunity identification? What is the difference between opportunity identification, evaluation, and development? What factors affect the identification of entrepreneurial opportunities? What are the outcomes of entrepreneurial opportunity identification? By systematically sorting out the literature, this paper sorts out the research status in the field of entrepreneurial opportunities, establishes a research framework for entrepreneurial opportunity identification, and looks forward to future research.

2. The Concept of Entrepreneurial Opportunity

The so-called opportunity can be understood as an opportunity to do more with less, that is, a new favorable choice emerges by chance. From the previous literature, different scholars have different views, so it is difficult to give a clear definition of opportunity. Some people think that chance is subjective, some people think that chance is objective. Scholars such as Lin Song pointed out that opportunities exist objectively and will not change due to the subjective judgment of entrepreneurs[4]. In this paper, according to his point of view, the opportunity is identified as objectively existing, and the opportunity identification is identified as subject to the subjective influence of the entrepreneur, thereby distinguishing between opportunity and opportunity identification.

Later, some scholars introduced opportunities into the field of entrepreneurship, arguing that those entrepreneurs who succeeded in the process of starting a business were able to effectively identify entrepreneurial opportunities because of the use of external information. Entrepreneurial opportunity is the foundation for the establishment of new ventures and a key concept in the field of entrepreneurship, but there is no consensus on the definition of entrepreneurial opportunity. Based on a static perspective, some scholars define entrepreneurial opportunity as an appropriate time to start a new enterprise; based on a dynamic perspective, some scholars define it as the entire process from the initiation of entrepreneurial intentions to putting their ideas into practice. This paper argues that entrepreneurial opportunity runs through the entire entrepreneurial activity, and its formation is a dynamic and continuous process. A controversial issue regarding the definition of entrepreneurial opportunity is whether it includes profit opportunities. Shane and Venkataraman believe that entrepreneurial opportunities do not include profit opportunities. The purpose of entrepreneurial opportunities is to introduce new products or services into the market. Its essence is to create new value by reorganizing resources, which is a situation of innovation rather than imitation[3]. However, there are also scholars who hold different views. Smith and others believe that entrepreneurial opportunities are inseparable from profits. Entrepreneurship itself is an activity chasing interests, and it is impossible to discuss entrepreneurial opportunities completely without profits. They believe that entrepreneurial opportunities are created by improving and optimizing existing Product or service to generate profit, that is, to provide a profitable upgrade product or service to the market, is a situation that emphasizes imitation and improvement.

Entrepreneurial opportunities can be categorized in different ways. Some scholars classify opportunities according to their value and entrepreneurial ability. They refer to entrepreneurial opportunities with high value and strong entrepreneurial ability as "market formation", which is easier to succeed once seized; opportunities with high value and unknown

entrepreneurial ability are called "unsolved problems". How to realize the potential value of such entrepreneurial opportunities is still unknown; opportunities with uncertain value and strong entrepreneurial ability are called "technology transfer"; opportunities with uncertain value and unknown entrepreneurial ability are called "dream", but such opportunities are often difficult to achieve[5]. Some scholars divide entrepreneurial opportunities into market opportunities, technical opportunities and policy opportunities according to the reasons for the generation of opportunities[6]. The so-called market opportunities are opportunities arising from market turbulence. Whether the supply side or the demand side changes, market opportunities will arise. Enterprises need to reorganize resources or make corresponding changes quickly to effectively take advantage of such entrepreneurial opportunities; technological opportunities It means that some enterprises carry out technological innovation, replace the original old technology with new technology, realize new functions, create new products or services, and thus bring new business opportunities and profits. Such technological opportunities may also cause market turmoil, and market changes may also motivate companies to create new technologies, so market opportunities and technological opportunities interact and interact with each other. Policy opportunities are opportunities generated by changes in policies. Due to the continuous progress of the times and the continuous development of the economy, national policies are bound to make corresponding changes. Only by closely following policies and responding quickly can entrepreneurs seize such opportunities and realize them. Business success. Some scholars divide entrepreneurial opportunities into profitable opportunities and feasible opportunities according to the uncertainty of the external environment and corporate performance[7]. Profitable opportunities represent that such opportunities have the ability to bring profits and are conducive to the growth and development of new ventures; while feasible opportunities represent that such opportunities can be realized with a high probability and have a certain degree of credibility. According to different theoretical backgrounds, some scholars divide entrepreneurial opportunities into discovery opportunities and innovative opportunities, and find that these two types of opportunities are not completely opposite, and they complement each other and are inseparable in the entire entrepreneurial practice process[8].

3. The Process of Identifying Entrepreneurial Opportunities

3.1. Identification of Entrepreneurial Opportunities

Identifying entrepreneurial opportunities is a crucial step in the entrepreneurial process. Some scholars put forward that the identification of entrepreneurial opportunities is that entrepreneurs use their own resources to obtain external information, and on this basis discover hidden potential value, so as to create new businesses, develop new products or services based on this valuable potential information[9]. Some scholars believe that the key to the identification of entrepreneurial opportunities lies in the discovery of opportunities, and the discovery of opportunities is often possible through various forms and channels[6]. For example, the discovery and identification of some opportunities originate from customers, and potential customer demand is an important channel for entrepreneurs to identify opportunities; the discovery of some opportunities stems from the competition of existing enterprises. In order to stand out in the fiercely competitive environment, many enterprises focus on The deficiencies of existing products and services, and actively seek new methods and new technologies to make up for the shortcomings and deficiencies of existing products, seize opportunities to develop new products. Other scholars define opportunity identification as entrepreneurs consciously search for surrounding information according to their social network, and then process and process this information through their own abilities, and finally find feasible entrepreneurial opportunities. All in all, the identification of entrepreneurial

opportunities is a process in which entrepreneurs use their own resources or external resources to turn entrepreneurial ideas into actual entrepreneurship, that is, a process in which potential entrepreneurs process and refine their initial ideas or ideas by putting them into practice.

3.2. Identification, Evaluation and Development of Entrepreneurial Opportunities

Reviewing the previous literature, it is found that scholars do not have a clear conceptual division of entrepreneurial opportunity identification, entrepreneurial opportunity evaluation and entrepreneurial opportunity development, and many scholars regard entrepreneurial opportunity identification as a broad identification process, which includes opportunity discovery, evaluation and utilization. Based on the existing literature, this paper briefly classifies these three as follows: Entrepreneurial opportunity identification is the first step, and identification here can be understood as searching and screening, that is, entrepreneurs search and process external information through their own divergent thinking looks for possible opportunities, and once they find a potential entrepreneurial opportunity, they start screening. Not all opportunities will eventually be utilized. Entrepreneurs will screen potential opportunities according to their own needs and the external environment, and will eventually screen out valuable business opportunities. This link is the identification of entrepreneurial opportunities. Entrepreneurial opportunity evaluation is the second step. This step is mainly to examine the feasibility of the opportunity, and to evaluate financial indicators (profit), entrepreneurial team, etc. through convergent thinking, so as to make entrepreneurial decisions. When the entrepreneur evaluates the opportunity, he will decide whether to use the opportunity. In fact, many opportunities that do not meet the requirements of the entrepreneur will be rejected at this step. The development of entrepreneurial opportunities is the third step. After early identification and mid-term evaluation, the final link is the development and utilization of opportunities. This step is the key link for entrepreneurs to put their creative ideas into practice. By leveraging its own resources to achieve a continuous, dynamic process of entrepreneurship, an entrepreneurial opportunity can never become a new enterprise if it is not exploited. Opportunity identification, evaluation and development are three links, but they are inseparable, and they exist in an iterative cycle throughout the entire entrepreneurial process.

4. Influencing Factors and Influencing Mechanism of Entrepreneurial Opportunity Identification

4.1. Antecedent Variables

Entrepreneurs are affected in many ways when identifying opportunities. These influencing factors can be divided into two categories: personal level and environmental level. Reviewing the literature in the field of entrepreneurial opportunity identification, it is found that entrepreneurial vigilance is the most mentioned at the individual level, and most scholars are exploring the impact mechanism of entrepreneurial vigilance on entrepreneurial opportunity identification. Some scholars have found that entrepreneurial vigilance can improve the ability of entrepreneurs to process information and help to cultivate their creative thinking. At the same time, this sensitivity and alertness to information can also help them to judge the feasibility and profitability of opportunities more deeply, which is helpful Identifying opportunities for entrepreneurs[10]. Many scholars have proposed that the entrepreneur's prior experience has a significant impact on identifying entrepreneurial opportunities. Zhang Jingyi et al. emphasized that the entrepreneur's cognition will be affected by their prior experience, and individual cognition will have a differential impact on their identification of

opportunities[11]. Self-efficacy also has a significant positive impact on opportunity identification. Self-efficacy represents an individual's perception of self-ability. The stronger the self-efficacy, the more entrepreneurs believe that they have entrepreneurial ability. This strong sense of belief will positively predict opportunities identify.

Entrepreneurs' personal emotions will also affect their identification of opportunities, and positive emotions such as entrepreneurial passion will have a positive impact on the identification of entrepreneurial opportunities. Entrepreneurial passion is the key emotion that affects the behavior of entrepreneurs. This optimistic emotion will make entrepreneurs more actively search for external information, which is conducive to the formation of their opportunity beliefs. Negative emotions such as fear of failure will have a negative impact on opportunity recognition. The perception of potential failure will prevent entrepreneurs from receiving external information, and this negative emotion will hinder the formation of their opportunity beliefs. However, some scholars later proposed that the fear of failure is a double-edged sword for opportunity recognition, because the different action paths may have both negative and positive effects[12]. Entrepreneurs' personal behavior will also have an impact on their opportunity identification. Entrepreneurial learning is an important channel for entrepreneurs to acquire knowledge and accumulate experience. Dynamic entrepreneurial learning can help entrepreneurs effectively transform external information and knowledge, and then improve their identification through knowledge integration capacity for opportunity.

At the environmental level, the most mentioned is the impact of social capital on opportunity identification. Some scholars also call it a social relationship network, which mainly refers to the social resources owned by entrepreneurs. The more social capital an entrepreneur has, the higher his social status, and the more social channels he has to obtain resources. Access to information has also become easier, facilitating identification of entrepreneurial opportunities. The entrepreneurial environment is also closely related to opportunity identification. The policy environment is particularly important. A good policy environment (laws and regulations, government support, etc.) possibility of opportunity. At the same time, the dynamics and complexity of the environment will also have an impact on opportunity identification[13]. The dynamics and complexity of the environment are also double-edged swords. Although it increases the difficulty of opportunity identification, it also creates more opportunities for the market. Opportunities, entrepreneurs can also find effective information about potential opportunities through careful search, which also improves the ability of entrepreneurs to identify opportunities in disguise.

4.2. Outcome Variable

The identification of entrepreneurial opportunities is a key step in the entrepreneurial process, and it is also the core link throughout the entrepreneurial process. New ventures can only be successfully established when entrepreneurial opportunities are identified. The identification of entrepreneurial opportunities has a significant impact on the subsequent strategy, growth and performance of new ventures. Entrepreneurial opportunity identification helps new startups gain a competitive advantage so that they can stand out in a fiercely competitive environment. When entrepreneurs identify opportunities for feasibility, they will judge the value of the opportunity and the probability of success based on their existing knowledge and their own ability reserves, so as to improve the growth performance of the enterprise; when entrepreneurs identify opportunities for profit, They judge the likely benefits of an opportunity based on prior experience and external circumstances, thereby improving the profitable performance of the business. In short, both identifications can help entrepreneurs make rational decisions, thereby improving corporate performance. When entrepreneurs have the ability to identify opportunities, it means that entrepreneurs have a clearer insight into the market, are more sensitive to information, and have more channels to obtain resources, so that

they can choose from many potential opportunities with high feasibility and profitability. There is a high chance that this competitive advantage can help new startups grow. Due to the continuous changes in the entrepreneurial market, the strategy of new ventures cannot remain unchanged. The development and utilization of entrepreneurial opportunities is actually the strategic adjustment of the enterprise according to the external environment. Opportunity to develop a strategy, a good strategy can help a business grow and enhance its competitive advantage, so that the business can achieve higher performance.

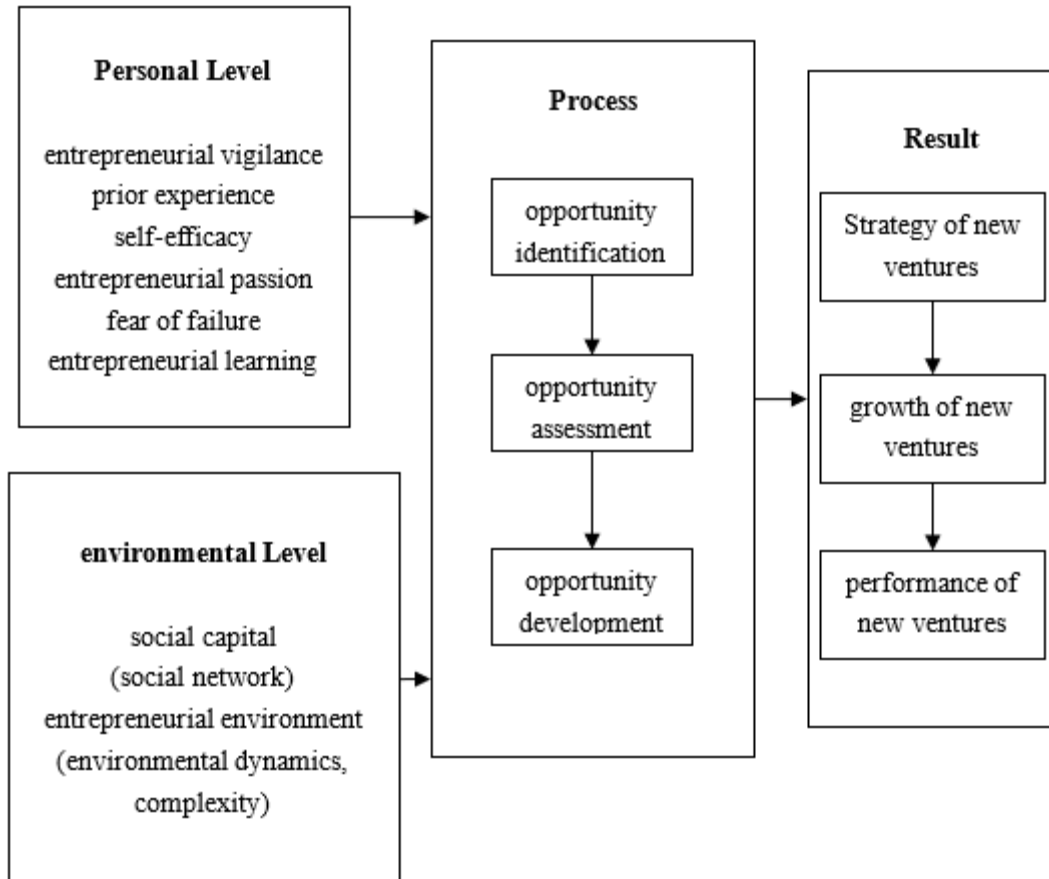


Figure 1. Entrepreneurial Opportunity Identification Research Framework

5. Conclusion and Discussion

Following the logic of "cause-process-result", this paper discusses the identification of entrepreneurial opportunities, and concludes that entrepreneurial alertness, prior experience, self-efficacy, entrepreneurial passion, fear of failure, entrepreneurial learning, etc. at the individual level have significant effects on entrepreneurial opportunity identification. Influence; social capital (social relationship network) at the environmental level, entrepreneurial environment (dynamics, complexity), etc. are all key influencing factors for the identification of entrepreneurial opportunities. In addition, this paper divides the generalized opportunity identification process into three steps of "identification-assessment-utilization", and clarifies the concepts and differences of entrepreneurial opportunity identification, entrepreneurial opportunity evaluation and entrepreneurial opportunity development, although they cannot be Separate and complement each other, but their concepts and functions should not be confused. Finally, this paper discusses in depth the follow-up effects of entrepreneurial opportunity identification and finds that it has a significant impact on the strategy, growth and performance of new ventures. In order to improve research in the field of entrepreneurial opportunities, future prospects are proposed based on the above findings:

First of all, we should continue to study the core concept of opportunity, so as to give a clear definition of entrepreneurial opportunity, and find out whether entrepreneurial opportunities exist objectively, or are entrepreneurs created by their subjective influence? And exactly answer questions such as whether entrepreneurial opportunities include profit opportunities. Secondly, the concept of entrepreneurial opportunity identification also needs to be further standardized. The confusion of the concepts of opportunity identification, evaluation and development is not conducive to subsequent research. Future research should further explore the dimensions of the entrepreneurial opportunity identification process, and clearly define the mechanism and value of each dimension. Third, we should continue to explore the explanatory variables of entrepreneurial opportunity identification in the future, because entrepreneurial opportunity identification is the key to entrepreneurial success, and exploring which factors can affect opportunity identification is of great significance to entrepreneurs. The impact of entrepreneurial teams on opportunity identification can be focused on. Finally, future research should also pay attention to the identification of entrepreneurial opportunities in the Chinese context. Because the entrepreneurial environment and national policies are different, we cannot copy Western theories. We should explore the influencing factors of identifying entrepreneurial opportunities according to the actual situation in China, and provide more young entrepreneurs. theoretical guidance.

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