

PORTFOLIO ENTREPRENEURIAL HOUSEHOLDS

EXTENDING THE INDIVIDUAL AND SINGLE OPPORTUNITY FOCUS

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5. PORTFOLIO ENTREPRENEURIAL HOUSEHOLDS

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5.1 Introduction

Studies of entrepreneurship traditionally focus on the individual or the firm, which are often seen as a duality and referred to as the individual-opportunity nexus (Shane, 2003; Venkataraman, 1997; Eckhardt and Shane, 2003). The opportunity-based view of entrepreneurship (Shane and Venkataraman, 2000) was introduced as a perspective that focuses less on the characteristics of the individual entrepreneur and instead on entrepreneurship as involving the combination of individuals and opportunities. Furthermore, by differentiating between the opportunity and its mode of exploitation, this perspective allowed for seeing entrepreneurial processes as taking place not only through new organizations but also within existing firms and other organizations. Although this perspective has been beneficial by helping more clearly define the scope of entrepreneurship as a field of research and by introducing new research questions, it still hinges on the focus on the individual entrepreneur and his/her endeavours. In this chapter, I will argue that the individual-opportunity nexus has an overly focus on the individual entrepreneur and the single opportunity, which conceals important insights to be made about entrepreneurial processes.

First, the focus on the single individual as the entrepreneur in this nexus disregards the fact that very many firms are started by teams (Schjoedt et al., 2012). Moreover, the increased appreciation of the need to understand the context in which a start-up is embedded, particularly the role of the family and the household of the entrepreneur, implies that not even non-team start-ups involve a single individual alone (Alsos et al., 2014; Jennings and Brush, 2013). The importance of interaction between individuals in entrepreneurial processes is well accepted, and it is studied, for instance, in the literature on

entrepreneurial networks and social capital, entrepreneurial teams, and in the so far scarce literature on the embeddedness of entrepreneurship. However, the mainstream literature continues to discuss entrepreneurship in terms of the individual (key) entrepreneur.

Second, the focus on the single opportunity also has limitations: it hides the potential connection between different opportunities. Implicitly or (more seldom) explicitly, the opportunity-based view considers opportunities to be random and discrete entities (Felin et al., 2014). However, several insights from the entrepreneurship literature suggest otherwise. Studies of habitual entrepreneurs indicate that they develop cognitive frames through which they selectively access and use information, which facilitates opportunity identification within their area of expertise but also hampers the identification of more distant opportunities (Sarasvathy et al., 2013; Ucbasaran et al., 2008). In relation to entrepreneurship within existing firms, the relatedness or similarity of a new opportunity to the current activities or knowledge base of the firm has been put forward as important for the decision of exploitation (Davidsson and Tonelli, 2013; Gregoire and Shepherd, 2011). Furthermore, on a more general level, the literature on technological change shows how major technologies create a set of interconnected opportunities that can be exploited by economic agents (Castellacci, 2008). These literature streams suggest that instead of being discrete entities, the opportunities identified can be strongly related to other opportunities previously invested in and pursued.

In this chapter, I argue that entrepreneurship should be seen neither as basically a single individual activity nor as the result of an opportunity disconnected from other opportunities. Using an illustrative example of a portfolio entrepreneurial household, I first discuss the weaknesses related to a single individual-single opportunity perspective, showing how it may hide important connections in empirical cases. Furthermore, building on the integration of the household perspective to entrepreneurship with insights from the portfolio entrepreneurship literature, I discuss one example of a perspective that can help us understand the interconnectedness of individuals and opportunities in entrepreneurship. This

perspective illuminates the role of several individuals in the processes of opportunity identification and exploitation and increases awareness of the relationship between the opportunities identified and developed by the household. This perspective is not universal but limited to entrepreneurial activities where the household is involved; nonetheless, it gives important insights that can be developed further in other contexts. To illustrate this potential, I also seek to relate these insights to the context of opportunity identification within existing firms where this is relevant.

5.2 The individual-opportunity nexus

In their influential article, Shane and Venkataraman (2000) defined entrepreneurship as the discovery, evaluation and exploitation of opportunities to create future goods and services. Their focus was that entrepreneurship could not be defined by focusing on the characteristics and behaviour of the entrepreneur because entrepreneurship involves (at least) two phenomena to be present: an opportunity and a person acting upon it, described as the individual-opportunity nexus (see also Eckhardt and Shane, 2003). This reorientation of entrepreneurship research extended the focus from firm creation, which previously had been suggested as a definition of entrepreneurship as a scholarly field (Low and MacMillan, 1988). Instead, putting opportunity at the core shifted the emphasis from the new firm to the individuals' discovery and exploitation of opportunities. Consequently, entrepreneurship can take place through the start-up of new firms, through opportunity exploitation in existing firms, communities, or social enterprises or through other "modes of exploitation" (Shane, 2012). Moreover, they argued that the individual was not in focus as a type of person but instead as an actor in the entrepreneurial process (Shane, 2012). Hence, they seem to view entrepreneurship as individual behaviour (Gartner, 2001). Nevertheless, and importantly, they asserted that the individual alone does not constitute entrepreneurship: "To have entrepreneurship you must first have entrepreneurial opportunities" (Shane and Venkataraman, 2000: 220).

This 'new'ⁱ definition of the field generated debate, as should be expected, because it could not be ascribed "to the majority of the research currently undertaken by scholars in the entrepreneurship field" (Gartner, 2001, p. 31). However, it was generally well received and was soon picked up on by other scholars (see Busenitz et al., 2003; Short et al., 2009), who both critically discussed and built upon it. It has since laid an important foundation of scholarly development within entrepreneurship, and Shane and Venkataraman (2000) was recently reported to be the most impactful publication within the field of entrepreneurship since 1985 (Busenitz et al., 2014). Although still debated and critically addressed, it has been acknowledged that the nexus perspective has important benefits; i.e., it puts the focus on the early stages of new economic activity, extends the person-focused explanations of entrepreneurship (Davidsson and Tonelli, 2013), and allows for an understanding of entrepreneurial activity in forms other than the creation of a new firm (Shane, 2012). For instance, in my previous studies of portfolio entrepreneurs, the opportunity-based perspective let me analyse the creation of new economic activity without paying too much attention to whether new legal firms were formed (e.g., Alsos, 2007; Alsos et al., 2003; Alsos and Carter, 2006; Alsos et al., 2014). I could then compare the entrepreneurial processes of current business owners when seeking to create new economic activity and treat the formation of a legal entity as a strategic choice rather than the definition of entrepreneurship *per se*. In this chapter, I utilize insights from these studies to discuss some weaknesses with the individual-opportunity nexus approach, such as its over-emphasis on the single individual and its tendency to treat opportunities as discrete, unconnected entities.

Shane and Venkataraman (2000) defined entrepreneurial opportunities as "those situations in which new good, services, raw materials, and organizing methods can be introduced and sold at greater price than their cost of production" and as "new means-ends relationships" (p. 220). They further assert that the existence of opportunities demands asymmetry of information and beliefsⁱⁱ. Because the price and cost comparison cannot be known *ex ante*, individuals develop conjectures about the existence of an opportunity and act based on these conjectures (Eckhardt and Ciuchta, 2008). Shane and

Venkataraman (2000) responded to the question of why some people and not others discover and make conjectures about particular opportunities with two broad categories: prior information and the cognitive properties of individuals. In line with the shift in focus from the firm to the individual, they discussed these categories in terms of individuals' information corridors and individuals' cognitive properties and framed the decision to exploit as an individual (cognitive) decision that depends on personal willingness and the perceived expected value of the opportunity in question. Eckhardt and Shane (2003) explicitly state the individual focus. They describe the process of discovery as follows: "individuals acting alone, or within firms, perceive of a previously unseen or unknown way to create a new means-ends framework" (p. 339). They further explain, "Because the discovery of an opportunity is a cognitive act, it is also an individual act" (p. 347). In this chapter, I argue that this extensive focus on individual cognition conceals situations in which several individuals are involved. These include situations where prior information on several people is needed (or used) for the opportunity to be discovered or where the decision to exploit is not an individual one, such as within a firm, within a team or within a family.ⁱⁱⁱ

Moreover, Shane and Venkataraman (2000) claimed that opportunities are objective phenomena that exist independently of their discovery by entrepreneurs. However, the recognition or discovery of opportunities is seen a subjective process and involves some creation by the entrepreneurs as new means-ends relationships are constructed. This often means that the entrepreneur constructs the means, the ends, or both (Eckhardt and Shane, 2003). This perspective is further elaborated by Eckhardt and Ciuchta (2008), who argue that opportunities are independent of human cognition and consist of characteristics that are unchangeable but that the exploitation of opportunities requires human creativity. Hence, they see opportunity as objective phenomena. This perspective has since been the subject of significant debate. Others have argued that the imperfection in the market that constitutes an opportunity may be created by the actions of the entrepreneur (Alvarez and Barney, 2007). Against the view that opportunities are objective phenomena, arguments have been made that

entrepreneurial opportunities encompass a social learning process (Dimov, 2007), that subjective enactment is an important part of the process of opportunity emergence (Alvarez and Barney, 2007), and that opportunities do not at all pre-exist but are created as result of a process that involves dynamic interaction and negotiation between stakeholders (Sarasvathy et al., 2011). Although acknowledging the important insights resulting from the debate on the objectivity or subjectivity of opportunities, I will not address these issues further in this chapter. Instead, I will discuss the problem that decoupling opportunity from the individual(s) discovering it leads to an understanding of an opportunity as an isolated entity that is not connected to other opportunities. Because the identification of opportunities relies on the prior knowledge (or other resources) of the individuals involved (Shane, 2000), the prior entrepreneurial actions taken by the individuals involved (Alvarez and Barney, 2007), and/or the interaction between the individuals involved (Sarasvathy et al., 2011) or individuals in the environment (Dimov, 2007), they are not isolated from other opportunities previously identified by the individuals involved or others.

5.3 Empirical examples of interconnected individuals and opportunities

Before I continue by discussing these issues, I present an empirical example of entrepreneurship, which I will use as illustrative element in the discussion. The case "Entrepreneurial activities at the family farm" comes out of a study of rural entrepreneurship in which we focused on farmers establishing new business activities in addition to their farm business, thereby becoming farm-based portfolio entrepreneurs. The data were gathered through interviews with the husband and wife, who were both involved in a variety of business activities taking place on the farm premises, some of which have been organized as separate legal entities and others of which have been organized within the family farm business. I will use this case as an illustrative element in the discussion and in the development of the perspective on portfolio entrepreneurial households at the end of this chapter. Later, I additionally

present three shorter examples of opportunity development within existing firms (Textbox 5.1), to illustrate that the points made are also transferable to other contexts.

5.3.1 Entrepreneurial activities on the family farm

George and Anne, a couple in their late 30s, own a farm in a rural community in the western part of Norway. George is the sixth generation on the family farm, which he took over as the eldest son. His parents, now retired, still live on the farm. George has been involved in all activities on the farm since he was a boy, and he always knew he would take over the farm. He was not very interested in schoolwork when he grew up, but he enjoyed practical work and taking part in all of the activities on the farm. He did not continue school, and before he and his wife took over the farm, he took on various practical jobs, particularly within carpentry, including owning his own business. Anne grew up on a neighbouring farm. She is an educated pre-school teacher and works half time at the local school. The rest of her work capacity is spent on the various ventures on the farm. The couple has three children, aged four to nine years.

The farm estate is relatively large and includes a forest estate. In addition to forestry, milk production was the main farming activity for the previous generations. When George and Anne took over the farm ten years ago, the dairy activity had been closed down, and the milk quota had been sold a few years prior. They continued with grain and grass production as the main farming activities. Forestry had been an important activity for generations and a great interest of both George and his father. Because of the topography, the forest estate is not very suitable for modern machinery, and the importance of forestry for farm incomes gradually reduced. Nonetheless, forestry and wood production remained an interest for them both.

However, as George stated, *"It is the tradition here that conventional farming has been a side activity."* Other business activities have been operated from the farm for generations. A salmon river runs across

the estate and has been the main resource for tourism business for generations, along with many and large traditional buildings suitable for weddings and similar events. For George's grandparents, the tourism business was a very important income source. British and German nobility were among their visitors, some coming back year after year. The tourism activity was closed down by George's parents, who did not want to raise their children in a tourism business. They instead worked with racing horses as an activity in addition to farming and had a regionally famous stable for breeding and training horses for harness racing. However, a few of the regular visitors and their families have been visiting the farm since, and the stabbur (a traditional storehouse on pillars) is still used as accommodation for visitors. George and Anne have recently started planning to re-establish the tourism activity in a somewhat different manner. They plan to build a new guesthouse for accommodation close to the riverside instead of having visitors in the farm building. Moreover, they rent hunting rights at their large forest and mountain estate during the hunting season.

A sawmill is currently the main business activity on the farm. It was established by George and his father as co-entrepreneurs a few years before George and Anne took over the farm. At the time, George owned a carpentry business with a companion; they specialized in lafting, a traditional technique for cog joint production. George explains the origin of the sawmill as follows:

"Maybe it was me who saw the opportunity ... or maybe we saw it together, my father and I ... my father and I have always been interested in sawing. We had a lot of knowledge of it. So we started with carpentry from our own forest, and then, we also bought from the neighbouring estates. I used to have a carpenter firm with a friend ... My father and I sawed the material we needed, particularly for lafting [cog joint construction]. There are many lafting firms around here ... We stopped lafting ourselves and did more and more sawing. As a result, my carpentry colleague and I split up, and my father and I established the sawmill. It has grown extensively since then."

The initial customer basis for the sawmill was local lafting firms, including a large producer of traditional cottages, creating a demand for specially sawed wood planks. The family's strong local embeddedness, their long-time involvement in forestry, and George and his father's expertise related to wood and carpentry were all important inputs to the start-up of the sawmill that gave them access to networks, information and knowledge. The local firms are still important customers, but the sawmill has grown and now delivers special sawed planks to a wider geographical area. The sawmill currently constitutes 80% of the income from the portfolio of business activities on the farm, with a turnover of more than 10 million NOK and six employed person-years. George's father has now retired, and Anne has replaced him as a part owner. She is currently also working part time at the sawmill office.

Additionally, George and Anne are engaged in horse breeding. Anne offers riding therapy for children with special needs as a side activity, thereby combining the tradition of horses at the farm with her own education and special interests. The stables at the farm and George's parents' expertise from racing horses are also important resources. The family wants to develop this activity further, and although it builds on Anne's competence and interests, George is actively included in developing the business idea further; he has ideas for expansions and new markets. In general, George and Anne often discuss their current businesses and new business opportunities 'around the kitchen table' and in the wider family. Indeed, the distinction between family matters and business matters seems unclear.

5.3.2 Learnings from the case "Entrepreneurial activities at the family farm"

Taking the individual-opportunity nexus as a starting point, we may ask, where is the nexus in this story? One way to analyse it would be to take the viewpoint of one of the individuals and one of the opportunities. In many senses, George appears to be a "typical" entrepreneur, eager about starting new projects and more interested in action than in theoretical knowledge. He first started a firm with a friend. He thereafter closed it down and started a sawmill with his father. It was successful and grew fairly large, with several employees. The opportunity behind the sawmill can be identified. The local

lafting firms, particularly a large producer of traditional cottages that would benefit from specially sawed wood planks, represent the end. George's own forest and neighbouring estates, with forests, premises and other resources on the farm, and George's and his father's competence in sawing and wood represent the means to create a new means-end relationship. However, limiting the analysis of this case to these elements conceals important knowledge that can be learned from it.

First, George did not act entrepreneurially alone. He started the sawmill with his father, and he cannot tell who came up with the idea, who saw the opportunity and developed it. Instead, the opportunity discovery and development appears to have happened in the interaction between George and his father. Furthermore, business ideas were discussed around the kitchen table and within the family. George and Anne were in the business activities together, although they divided the tasks and responsibilities between them. This blurred line is illustrated by the joint discussion and development of the salmon fishing tourism, where it was not clear who was the main entrepreneur. The horse riding therapy business was also a joint effort. Although it was Anne's area of competence and her main responsibility, the husband and the farm context, including the traditions of horse breeding on the farm, were important for identifying and exploiting the opportunity.

Second, Anne and George clearly developed several opportunities. The sawmill was organized as a separate company in addition to the farm business, which also included the horse riding, the salmon tourism business under development and several other smaller business activities. However, these opportunities did not represent separate, unconnected means-end relationships. They were clearly linked together in several ways. They were all related to the traditions and resources of the farm. Without the farm, the means side of the opportunity would not have been in place for the sawmill, the horse riding or the salmon tourism opportunities. Furthermore, their identification and development was related to other opportunities, such as the sawmill, which was partly spun out from the carpentry business and the forestry, the riding therapy business, which was partly related to the tradition of

having racing horses on the farm, and the new tourism business opportunity, which was clearly identified in relation to the previous tourism business of George's grandparents. Hence, this case clearly illustrates that opportunity identification may be dependent on the prior knowledge and experiences of the entrepreneurs (Shane, 2000) and their family members and on previous activities and resource endowments in a current business transferred into new business activities (Alsos and Carter, 2006). Hence, opportunities are not only random imperfections in the market but also path dependent and inter-connected.

A single individual-single opportunity approach hides the important connections between individuals involved and between opportunities, as illustrated by the case of Anne and George. In the following, I challenge this focus and suggest a perspective that can better embrace the connectedness of individuals and opportunities.

5.4 Challenging the single-individual focus

The question of where business opportunities come from has generated significant debate (Alvarez and Barney, 2007; Sarasvathy et al., 2011). Opportunities are seen as 'recognized' through deductive processes of information search and analysis (Caplan, 1999), as 'discovered' by particularly alert individuals (Kirzner, 1997), or as 'created' by the entrepreneur through an abductive process (Sarasvathy et al., 2011). Although these perspectives are grounded in different ontological and epistemological standpoints (Alvarez and Barney, 2007) and may be seen as related to different situations (Sarasvathy et al., 2011), they all have one common feature: they view the individual entrepreneur at the centre of the way opportunities emerge. The individual entrepreneur searches for and recognizes opportunities; is alert and discovers opportunities; or is creative and creates opportunities. None of these perspectives takes into account that opportunity emergence may be a

process that involves several individuals in teams or families (Alsos et al., 2014). Hence, this is not a problem related to the Shane and Venkataraman (2000) perspective alone.

Nevertheless, the individual entrepreneur is not always the most suitable unit of analysis when examining how opportunities are identified and pursued; many such processes involve teams of entrepreneurs (Lim et al., 2012; Schjoedt et al., 2012). When opportunities are identified and exploited within existing firms, it may not always be possible to identify a single individual who identified the opportunity. Although the opportunity-based view in principle allows for studying the discovery and exploitation of opportunities within existing firms, we still have limited conceptual frameworks to capture how firms address opportunities (Short et al., 2009).

Textbox 5.1 below illustrates examples of opportunity development in existing firms. First, the opportunity identification processes are described as joint processes among several individuals involved in the firm. The senior executives of the ship furniture manufacturing firm deliberately sat down to identify new opportunities and discuss how existing offerings in the market could be improved. In the experience hotel firm, opportunity identification is generally described as the interaction between several individuals with different capabilities. Second, it is clear that new opportunities are developed in relation to the firms' current competencies and activities. The founders of the ship furniture firm looked for opportunities within ship furniture because that was where their competencies and experience lay. The software firm described its identification of the opportunity for a new IT management system for schools as originating from its previous activities of selling IT systems to school authorities. Furthermore, the experience hotel was developed "opportunity by opportunity" from a traditional hotel to an experience provider, taking advantage of a stream of opportunities, where the exploitation of one opportunity led to another.

Textbox 5.1 Examples of opportunity development in existing firms^{iv}

New firm in furniture manufacturing for ships

This firm was established when a group of employees chose, after a disagreement over strategic choices, to leave an existing firm that manufactured furniture for ships. They decided to use their extensive experience in the industry to establish a new firm. This is how they describe their opportunity development process: *"We sat down together and asked ourselves the question: 'What can be done better?' This resulted in reflection on possible new designs that can reduce production costs. In addition, we put focus on how the logistics chain can be more cost efficient. This process resulted in an idea for a design that will reduce the use of materials by 15%, reduce the number of operations needed in the manufacturing from approximately 300 to 120, and that will make installation easy enough for the furniture to be transported flat packed and assembled aboard the ship."*

Established firm in software development

A software firm that produces and IT Management systems sought to exploit the opportunity of a new IT management system for schools that was better adapted to the particular needs in this sector. They describe the identification of this opportunity as follows: *"The background was the experience we had acquired during 2012, when we worked together with Intel to promote our [previous IT management system for schools] to school authorities and distributors. We soon discovered that our system (and no one else's) did not fully meet the schools' needs. In addition, there is a paradigm shift in the school market as more solutions are cloud-based, which creates heavy demands on broadband capacity and as tablets are replacing PCs in full speed. Through our research in the market as well as feedback from the school authorities, we found that we should develop a completely new system that addressed the needs and challenges of schools."*

The small hotel and experience firm

The small, independent hotel has in the last 20 years transformed from a traditional hotel business into a firm that delivers a range of services related to the experience industry: *"We turned our approach from being a supplier of accommodation and catering services into being an experience and activity provider with the hotel as a base"*. In addition to accommodation and conferences in the original hotel, the business activities include the organizing of large-scale events with food service with various locations and concepts and several experience products, such as whiskey tasting, a sea eagle safari, a team-building trail (inspired from Amazing Race), fishing trips and deep sea rafting. An important success factor has been its ability to continuously identify or create and exploit new opportunities and thereby develop the business activities of the firm. The development is explained as *"creating development by virtue of several managing to build something together"*. The opportunity development builds on the integration of the varied competencies and networks of the people involved: the chef, with a long and varied experience accrued from hotels, restaurants and event organizing; the experienced property developer; and the creative idea spinner. The transformation from a hotel to an activity and experience provider has been taken step by step—or opportunity by opportunity. One idea leads to another. The experiences from the first large-scale event stunts are developed further into more regular activities and utilized in the development of new opportunities.

In the case of George and Anne, it was also evident that opportunity identification and exploitation were often driven by individuals in interaction. George and his father jointly developed the sawmill. They built on each other's competence, interests, networks and information and "saw" an opportunity to produce specialty wood planks for the cottage producers and the lafting industry. George and Anne

jointly discussed the opportunity to provide riding therapy lessons for special needs children, based on her interest in riding therapy, his interest in creating business activities and George's parents' interests in horse breeding. The idea to resume the salmon tourism activity was discussed over the kitchen table and developed further between Anne and George, with input from George's parents. Hence, the interactions nurturing entrepreneurship are not necessarily formalized through teams or work groups but in this case happened naturally between individuals who, for other reasons, met and talked to each other on regular basis. None of the opportunities in question were identified or exploited by a single person.

The single-person, single-insight understanding of entrepreneurial opportunities has also been criticized. Dimov (2007) argued that instead of viewing opportunities as single insights, they should be seen as emerging through continuous shaping and development from an initial insight to an idea acted upon through a social learning process. In this process, the opportunity is shaped from contextual and social influences, where entrepreneurs interact with others. Hence, Dimov sees opportunity development as a socially embedded process, where potential entrepreneurs are actively engaged in information and value creation with a surrounding community. Consequently, whether a person acts upon an opportunity is based not only on individual skills and characteristics but also on the situations and information to which he/she is exposed and, not least of all, the people with whom he/she interacts and discusses ideas. This argument is consistent with Sarasvathy's (2008) focus on opportunity creation and the role of pre-commitments from stakeholders in this process, although Dimov puts more focus on the enactment process, where ideas are developed into opportunities through interaction with others, including people who are not necessarily stakeholders or in any way committed to the venture.

Although the focus on the social embeddedness of opportunity development takes steps to show how entrepreneurs are influenced by the context during the entrepreneurial process, it still emphasizes the

individual entrepreneur as driving this process through interactions with the environment. Hence, it does not account for situations in which several individuals take part in the same process of opportunity development and later exploitation, as in the example with Anne and George. This is a problem because it is an established fact that a substantial share of new ventures are established by teams of entrepreneurs (Lim et al., 2012; Schjoedt et al., 2012). Although teams *can* be put together by a single entrepreneur who first identifies an opportunity and then establishes a team to help exploit it, it is not likely that this is the situation in all (or even most) of the team start-ups. Instead, it is probable that several team starts are initiated by a joint opportunity identification and development that involves several team members, as in the case with the ship furniture firm from Textbox 5.1. Opportunity exploration and exploitation within existing firms are even more likely to be initiated by teams as more or less organized development activities within the firms. In the case of the software firm, the opportunity was identified among the group of employees working with the implementation of one of the firm's previous products, and the development was organized as a project that involved several individuals internal and external to the firm. In the experience hotel, the team of owners and executives acted as a "creative hub" where new opportunities were developed as a continuous stream. So far, scholarly research has failed to acknowledge the involvement of several individuals in discovery or creation processes and theorizing on opportunity identification and development still hinge on the single individual perspective.

Research on the drivers of opportunities has primarily discussed the individuals identifying opportunities (Short et al., 2009) and has paid little attention to opportunities that emerge as result of interactions between individuals. Although the entrepreneur's prior knowledge is seen as crucial to recognizing, discovering and creating opportunities (Shane, 2000; Sarasvathy et al., 2011; Shepherd and DeTienne, 2005), it is normally assumed that if the prior knowledge of several individuals is needed for opportunity identification, this knowledge should first be transferred to one individual who then can recognize or create the opportunity. However, because the relevant prior knowledge for

opportunity identification may be tacit, it cannot always easily be transferred or told to another individual so that a “cognitive act” of opportunity recognition can take place. More subtle communication may be needed, which may take place only through the joint development of an opportunity.

5.4.1 Extending the single individual perspective: Entrepreneurial households

The example of George and Anne shows that more than one individual may be involved in the same entrepreneurial activity beyond what is normally treated as an entrepreneurial team. In entrepreneurial households, new opportunities and their development may be part of the daily conversations and activities within the household (Alsos et al., 2015). A household is defined as the smallest social unit where human and economic resources are administered (Wheelock and Oughton, 1996) and is a setting where the normative systems of the family (affect, altruism, tradition) and the utilitarian system (economic rationality) are combined (Brannon et al., 2012). The concept of "household" partly overlaps with but is also distinct from the concept of "family". The household typically includes the nuclear or the extended family (Brush and Manolova, 2004) but may also include individuals in the larger family or persons who are not family members (Wheelock and Oughton, 1996). More importantly, the household concept emphasizes economic activities, work and residence, whereas the family concept considers the kinship and marriage relationships that tie people together (Gullestad, 1984). Within the sociological literature, the household perspective emphasizes the tight connection between the business and the household in enterprising families (Wheelock and Mariussen, 1997; Wheelock and Oughton, 1996), recognizing the blurred boundaries between the business and the private spheres for small-firm owners. Household decisions and business decisions are both made within the household, and business strategies are interwoven with household strategies (Alsos et al, 2014). Consequently, opportunity identification and exploitation is a household matter and a matter for the business.

Looking at entrepreneurial households, such as in the example of Anne and George, it becomes clear that opportunities may emerge from the joint efforts of several connected individuals. On the one hand, entrepreneurial teams may consist of several household or family members (Kaikkonen, 2005; Brannon et al., 2012), something that brings family relations into the entrepreneurial venture. Trust and shared knowledge between family members may create an open space for the discussion of entrepreneurial opportunities (Alsos et al., 2015), allowing for exchanges of the information and knowledge needed for the identification or creation of new opportunities. Supporting this view, Discua Cruz et al. (2013) found that in enterprising families, the search for new entrepreneurial opportunities was a collective effort in which both the senior and the junior generation participated and that certain opportunities resulted only from the joint effort where the knowledge of both generations was involved.

On the other hand, as emphasized in the sociological literature, business decisions, such as the development and exploitation of new opportunities, are often embedded in the household even when only one or a few household members are formally working in the business (Baines et al., 2002). Consequently, household strategies and business strategies are interlinked because strategic decisions are made within entrepreneurial households, and household members may be involved in business strategy decisions regardless of whether they are formally part of the business. In entrepreneurial households, business decisions are also household decisions; the household provisions itself for one or more businesses (Baines et al., 2002). Consequently, business decisions may be discussed "around the kitchen table", and the daily talk within the household may involve identification of opportunities and the considerations related to the choice to exploit them. In a study of enterprising households in rural areas, Alsos et al. (2014) found that several household members were involved in opportunity identification and development. Individual household members took different roles in the process, some as initiators and others as developing the opportunity further, but opportunities were also discussed within the households through informal conversations.

Hence, a household perspective offers a way to examine the embeddedness of economic activities, such as entrepreneurship, in households and families, thereby acknowledging the embeddedness of entrepreneurship within the family (Aldrich and Cliff, 2003) and challenging the individualism permeating entrepreneurship research (Jennings and Brush, 2013). In the context of small entrepreneurial firms or family firms, the borders of the firm may be blurry because several household members may be involved in business decisions and activities without having formal roles in the firm. A household perspective allows for analysing the influence of several individuals in the process of opportunity identification and exploitation, acknowledging that these processes can take place within or outside the firm or in the interphase between the firm and the household. Amongst other things, this perspective makes it possible to examine the extent to which opportunity decisions are made in consultation with family members, which has been previously called for (Jennings and Brush, 2013). As an extra benefit, this perspective also lets us see how different businesses and opportunities may be connected; enterprising households may be involved in more than one venture at a time. Through the household, different ventures may be connected even though the ownership or individuals formally involved may not show this connection. This point will be discussed further in the following.

5.5 Challenging the single-opportunity focus

Entrepreneurship is not necessarily an once-in-a-lifetime experience. Research has documented that portfolio entrepreneurs, individuals who found, own, manage and control more than one business at the same time, constitute a substantial proportion of entrepreneurs (Carter and Ram, 2003; Rosa and Scott, 1999; Alsos and Kolvereid, 1998; Westhead and Wright, 1998). The reported incidence of portfolio entrepreneurship has varied between 12% and 34%, with variations between industry, geography and gender (Alsos, 2007). Consequently, calls have been made to take the entrepreneur rather than the firm as the unit of analysis in entrepreneurship research (Scott and Rosa, 1996;

Sarasvathy et al., 2013). Hence, it is widely acknowledged that one person may identify more than one opportunity and exploit new opportunities by establishing new firms or within their existing firms (Wiklund and Shepherd, 2008; Alsos, 2007), thereby demonstrating that entrepreneurship should not be understood as a phenomenon where a single event defines the entrepreneur. However, a question that has received limited scholarly attention so far is whether or how the different opportunities an individual is involved in are inter-connected. As argued above, the literature generally treats opportunities as discrete, unconnected entities.

The case of Anne and George's business activities, however, showed that opportunities do not emerge from "nothing". Instead, their identification or creation was connected to other opportunities that were currently or previously exploited at the farm. This connection was in some cases related to knowledge developed from previous experiences, as in the example of the sawmill, where the experience from forestry and from the carpenter business in combination represented important input to the identification of the opportunity. The connection could also be related to the resources available from current business activities, such as the farm's forest estate for the sawmill, the farm's buildings for the salmon tourism idea, and the stables and horse equipment for the horse therapy activity. Furthermore, the connection could be on the market side, as was the case in the tourism activity, where relatives of visitors from George's grandparents' tourism business were still in contact with the family, demonstrating a potential market for a new tourism venture.

The interconnectedness of opportunities was also apparent in the short cases of opportunity identification within firms, where the firms clearly built on the existing competencies and activities of the firm when identifying new, and related, opportunities. Opportunity relatedness was a liberate strategy, such as in the case of the ship furniture manufacturer, or a result of new opportunities that emerged from current activities, such as in the case of the software firm. For the experience hotel, it

was both—their strategy was to let new opportunities emerge from existing activities and to organize their firm so that they were able to take advantage of the opportunities that emerged.

Shane (2000) discussed the role of prior knowledge for opportunity discovery. He examined eight entrepreneurial opportunities that stemmed from one single invention from MIT, demonstrating that the opportunities discovered were clearly different based on the prior knowledge of the different entrepreneurs/entrepreneurial teams. This means, he argued, that an invention does not represent an opportunity in itself but that the combination with (new or old) prior knowledge of the entrepreneurs is needed to identify the means-end framework that constitutes an opportunity. Although Shane does not explicitly make that point, his study demonstrates that different opportunities may be interconnected. First and most obvious, the eight opportunities examined are connected through the one invention on which they all build, which constitute joint means in the means-ends relationship. Second, the role of prior knowledge indicates that entrepreneurs may utilize knowledge gained from previous opportunity development and exploitation in the process of identifying new opportunities and hence create the connection between prior and new opportunities. Without the first, the next would not exist.

That one opportunity may lead to another has previously been noted from analyses of serial and portfolio entrepreneurs. Ronstadt (1988) found that most entrepreneurs continued their entrepreneurial careers by exploiting new opportunities and starting new ventures after establishing their first one. He introduced the "corridor principle"; i.e., "the act of starting a new venture moves an entrepreneur down a venture corridor that allows him or her to see intersecting corridors leading to new venture opportunities that they could not see before getting into business" (Ronstadt, 1988: 34). The corridor principle relates to the understanding that entrepreneurs identify opportunities because prior knowledge triggers the recognition of the value of information (Shane, 2000). Often, the opportunity identification process starts in the base of the experience and knowledge of the

entrepreneurs involved (Hills et al., 1999). Experiences from current entrepreneurial activities may be particularly relevant information sources for new opportunity identification because they may, for instance, give access to information about customer needs or a particular aspect of production. Entrepreneurial opportunities identified this way are likely to be related to the current activity because it builds on information developed from it. Moreover, the opportunity corridor principle indicates that in business, exploiting a previously identified opportunity is important for gaining access to this information. Hence, the current involvement in opportunity exploitation may be a source of information not available to others, which may be one reason why some people and not others identify the opportunity, as noted by Shane and Venkataraman (2000). However, it also makes one opportunity identification dependent on a previous opportunity identification. Analysing how opportunities are "nested" and come in "bundles" may reveal new knowledge of the characteristics of opportunities and identification processes that cannot be seen if opportunities are treated as independent of each other. Acknowledging that opportunities may be interlinked allows for considering that future opportunities may spin out of the ones currently exploited. An entrepreneur who acts on one opportunity may see this not necessarily as the end goal but as a learning experience or a temporal project, an investment that at a later point can lead to something else (Sarasvathy et al., 2013).

This insight is important for several reasons. It has relevance for understanding the evaluation of opportunities. Although it is impossible *ex ante* to assess the value of a new opportunity, the entrepreneur makes some sort of judgement on whether the opportunity is worth pursuing. The potential of an opportunity exploitation to lead to new opportunities could be a part of this evaluation. Similarly, it has relevance for understanding entrepreneurial careers and entrepreneurs' motivations. Ronstadt (1988) suggested that entrepreneurs should select earlier ventures based on their potential to reveal follow-up opportunities to increase the likelihood of succeeding in building a career as entrepreneur. Furthermore, it supports the argument that the identification of new opportunities is path dependent (Alvarez and Busenitz, 2001). Early decisions to exploit opportunities may create paths

for the future development of the venture, including the new opportunities emerging, which can be exploited later on. In the case of Anne and George, the path-dependent nature of the opportunities exploited is evident, as explained above.

5.5.1 Extending the single-opportunity perspective: Portfolio entrepreneurial households

To further discuss the interconnectedness of opportunities, I now return to the household perspective, this time focusing on portfolio entrepreneurial households. Also portfolio entrepreneurship hinges on the household-business nexus, for which the key may be both the family circumstances that influence business decisions and the economic conditions facing the business (Carter and Ram, 2003; Welter, 2011). It has been argued that moving the unit of analysis from the firm to the individual is needed to understand entrepreneurial activity (Scott and Rosa, 1996; Scott and Rosa, 1997) and is particularly relevant to examine how entrepreneurs are involved in the exploitation of several opportunities and hence how different opportunities are interconnected. Adopting a household perspective in portfolio entrepreneurship extends this argument further. Although the groups of businesses created by portfolio entrepreneurs can be complex in the sense that they involve partnerships between different owners (Iacobucci and Rosa, 2005; Rosa, 1998), portfolio entrepreneurship processes may also be seen as embedded within the household and involve several household members or family entrepreneurial teams (Discua Cruz et al., 2013). Hence, the arguments made above regarding how several individuals may be involved in opportunity identification and exploitation certainly also holds for portfolio entrepreneurship.

In the example of Anne and George, we saw that the opportunities identified by the household were interconnected not only through the experience gained from one single individual's entrepreneurial career but also through the experiences, resources and activities taking place in connection to the family farm, which involved various individuals. This dynamic was apparent in how the different business activities on the farm were connected but even more visible in the way newly identified

opportunities were dependent upon previous opportunities exploited, including by earlier generations of farm owners. Thus, the interconnectedness of opportunities goes beyond a single individual and the current team. Furthermore, the example shows that current businesses, such as a farm, act as a seed-bed for new opportunities to be developed (Carter, 1996) and that (sparse) resources of the current business may be input to new opportunity identification (Alsos and Carter, 2006).

The focus on portfolio entrepreneurial households also extends the household perspective on entrepreneurship and small business. As argued by Discua Cruz et al. (2013), moving the focus of research from family enterprises to enterprising families gives the potential to encompass the full range of opportunities identified, developed and exploited, in which the household is involved. Embracing this complexity allows for the study of how different entrepreneurial opportunities are interconnected and hence facilitates a deeper understanding of core questions within entrepreneurship. Where do opportunities come from? Why are steps taken to exploit them?

Basically, I have argued that examining portfolio entrepreneurial households is one way of learning more about the interconnectedness of opportunities and individuals in entrepreneurship and hence an area to study entrepreneurship while avoiding an overly single-individual, single-opportunity focus. In this setting, studies of how several individuals may be, more or less, equally involved in opportunity identification and simultaneously how different opportunities are interlinked can be conducted to develop theoretical knowledge of the nature of opportunities and how they are identified and exploited. In portfolio entrepreneurial households, one can also see that connections between opportunities and business activities are created not only through formal owner positions in firms but also through more informal connections, such as within the household or the wider family.

5.6 Conclusions

The aim of this chapter has been to put a focus on the limitations inhabited in the single individual-opportunity focus and raise concerns related to the way the identification and exploitation of opportunities are discussed in the literature. The main argument is that the complexity of entrepreneurial processes remains hidden through the simplification of focusing on the single entrepreneur and the single opportunity in the individual-opportunity nexus. Instead of treating opportunities as discrete entities identified and developed by single entrepreneurs, we should acknowledge that opportunity identification, development and exploitation is a social process (Dimov, 2007) that involves several interconnected individuals and that opportunities are path dependent (Alvarez and Busenitz, 2001) and may emerge based on previous efforts made by the individuals involved or their connections. This acknowledgement embraces the complexity of entrepreneurial processes and raises many new questions, such as, what are the role of different individuals in opportunity identification and exploitation? What role does the interaction between individuals play in these processes? What is the path-dependent nature of opportunities? What is path dependent, and what is created in the process? How does the interaction between individuals and opportunities shape the process? To be able to examine such questions, multiple levels of analysis need to be included.

These questions are of a general nature and refer to entrepreneurship as such. Currently, theoretical and conceptual frameworks to capture the complex and multi-level nature of these issues are not well developed. In this chapter, I have discussed one setting where the interconnections between individuals and opportunities in entrepreneurship comes to the surface and therefore can be studied: the context of portfolio entrepreneurial households. I have shown that a household perspective can give insights in this area, which complements research with an individual focus. The household perspective emphasizes the embeddedness of business decisions within the household, where several

individuals and their relationships constitute an entity for economic decisions. I suggest using this perspective to see the involvement of several individuals and their interactions in the opportunity identification, development and exploitation processes because it helps us understand the social aspects of the opportunity processes that also involve individuals without formal roles in the business(es). Furthermore, it helps us understand the path-dependent nature of opportunities and their interconnectedness, not only within the formal unit of one single firm but also related to the portfolio of opportunities where the household members are involved.

Although the perspective presented here addresses portfolio entrepreneurial households, similar processes may take place in other entrepreneurial teams. Entrepreneurial process often involve teams of entrepreneurs working together. Team members' interactions and the connectedness to previous their endeavours are also likely to influence opportunity identification, development and exploitation also outside the household context. These arguments may therefore be extended beyond the context of enterprising households. Although it has not been within the scope of this chapter to make this extension, where applicable, I have also brought in the firm context. I have provided examples of joint opportunity identification in the firm context, and these examples show how new opportunities identified and developed within a firm can be strongly related to the opportunities the same firm currently exploits. These arguments relate to issues within corporate entrepreneurship, innovation teams and other subjects discussed within strategic management and innovation research, where an entrepreneurship perspective can provide a different angle. It has been argued that we lack the conceptual frameworks to capture how firms address opportunities (Short et al., 2009). In firms, where team processes are usual, the single individual-single opportunity nexus may be even more problematic. An extension of the framework to examine the interconnectedness between opportunities and the involvement of several actors may therefore be useful to understand opportunity identification, development and exploitation within existing firms.

My starting point was the individual-opportunity nexus, and my main argument has been that we should talk about individuals, opportunities and nexuses as interconnected. This is challenging but important to better understand the entrepreneurial processes taking place in practice. Hence, instead of avoiding these issues to simplify the discussion of the individual-opportunity nexus, scholars should embrace the complexity that results from the interconnectedness of several opportunities and several individuals in the nexus.

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ⁱ Although this definition is ascribed to Shane and Venkataraman (2000), it is a result of a discussion within the field where several authors had asserted similar opinions, including the focus on the process rather than the entrepreneur as type of person (e.g., Gartner, 1988; Low and MacMillan, 1988), opportunity (e.g., Krueger, 2000), and on entrepreneurship taking place in existing firms (e.g., Sharma and Chrisman, 1999). It is also based on previous arguments by Venkataraman (1994; 1997).

ⁱⁱ This argument is in some sense contradictory to the argument that opportunities are objective phenomena that exist independently of the recognizing individual because asymmetry cannot exist independently of the individuals who have (or do not have) certain information or beliefs. However, their argument is that if the opportunity is known to all, it will already be exploited, and no entrepreneurial rent can be created. Hence, for it to be an opportunity that involves something that can be introduced and sold with profit, it cannot be known to all at a given time.

ⁱⁱⁱ Caution should be stated: although I criticize Shane and Venkataraman (2000) and related research for an overemphasis on the single individual in entrepreneurship, I do not assert they necessarily disagree that such a focus is a simplification. On the contrary, Shane (2012), in his retrospective on the 2000 article, weakly modifies this focus by including in parentheses in his explanation of what entrepreneurship is: "entrepreneurship focuses on an individual's (or set of individuals') choices relative to his or her (their) other alternatives". Even more clearly, Venkataraman et al. (2012), in their parallel retrospective, state that "much entrepreneurship is a team and/or community endeavour, rather than an individual one (...) highlighting the role of collective interaction, negotiation, and shared experience in shaping and reshaping opportunities" (p. 22). My argument has rather been that the inter-individual nature of entrepreneurship needs to be further developed and explored to better understand the entrepreneurial processes taking place in practice.

^{iv} These illustrative cases are taken from two different research projects in which I am currently involved. The data for the hotel case were gathered through an interview with the daily manager, informal talks with the marketing director and internet sources. The data for the two other cases are based on written sources, where the firms describe an opportunity they seek to develop through R&D activity as means to secure a tax credit for the R&D costs. The tax credit application includes questions on the nature of the opportunity, the opportunity identification, plans for further development and extensive information on other aspects.

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