

The Promise of Entrepreneurship as a Field of Research*

Scott Shane¹ and Sankaran Venkataraman²

¹University of Maryland

²University of Virginia

Abstract

To date, the phenomenon of entrepreneurship has lacked a conceptual framework. In this note we draw upon previous research conducted in the different social science disciplines and applied fields of business to create a conceptual framework for the field. With this framework we explain a set of empirical phenomena and predict a set of outcomes not explained or predicted by conceptual frameworks already in existence in other fields.

For a field of social science to have usefulness, it must have a conceptual framework that explains and predicts a set of empirical phenomena not explained or predicted by conceptual frameworks already in existence in other fields. To date, the phenomenon of entrepreneurship has lacked such a conceptual framework. Rather than explaining and predicting a unique set of empirical phenomena, entrepreneurship has become a broad label under which a hodgepodge of research is housed. What appears to constitute entrepreneurship research today is some aspect of the setting (e.g. small businesses or new firms), rather than a unique conceptual domain. As a result, many people have had trouble identifying the distinctive contribution of the field to the broader domain of business studies, undermining the field's legitimacy. Researchers in other fields ask why entrepreneurship research is necessary if it does not explain or predict empirical phenomena beyond what is known from work in other fields. Moreover, the lack of a conceptual framework has precluded the development of an understanding of many important phenomena not adequately explained by other fields.

One example of this problem is the focus in the entrepreneurship literature on the relative performance of individuals or firms in the context of small or new businesses. Since strategic management scholars examine the differences in and sustainability of relative performance between competitive firms, this approach is not unique (Venkataraman, 1997). Moreover, the approach does not provide an adequate test of entrepreneurship, since entrepreneurship is concerned with the discovery and exploitation of profitable opportunities. A performance advantage over other firms is not a sufficient measure of entrepreneurial performance, because a performance advantage may be insufficient to compensate for the opportunity cost of other alternatives, a liquidity premium for time and capital, and a

* Originally published in *Academy of Management Review*, 2000, 25(1): 217–226. Reprinted by permission of *Academy of Management Review* via the Copyright Clearance Center.

premium for uncertainty bearing. Therefore, although a conceptual framework to explain and predict relative performance between firms is useful to strategic management, it is not sufficient for entrepreneurship.

We attempt an integrating framework for the entrepreneurship field in the form of this note. We believe that this framework will help entrepreneurship researchers recognize the relationship among the multitude of necessary, but not sufficient, factors that compose entrepreneurship, and thereby advance the quality of empirical and theoretical work in the field. By providing a framework that both sheds light on unexplained phenomena and enhances the quality of research, we seek to enhance the field's legitimacy and prevent its marginalization as only "a research setting" or "teaching application."

The note proceeds as follows. First, we define the domain of the field. Second, we explain why organizational researchers should study entrepreneurship. Third, we describe why entrepreneurial opportunities exist and why some people, and not others, discover and exploit those opportunities. Fourth, we consider the different modes of exploitation of entrepreneurial opportunities. Finally, we conclude with brief reflections on the potential value of the framework presented here.

Definition of Entrepreneurship

Perhaps the largest obstacle in creating a conceptual framework for the entrepreneurship field has been its definition. To date, most researchers have defined the field solely in terms of who the entrepreneur is and what he or she does (Venkataraman, 1997). The problem with this approach is that entrepreneurship involves the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals (Venkataraman, 1997). By defining the field in terms of the individual alone, entrepreneurship researchers have generated incomplete definitions that do not withstand the scrutiny of other scholars (Gartner, 1988).

The definition of an entrepreneur as a person who establishes a new organization is an example of this problem. Because this definition does not include consideration of the variation in the quality of opportunities that different people identify, it leads researchers to neglect to measure opportunities. Consequently, empirical support (or lack of support) for attributes that differentiate entrepreneurs from other members of society is often questionable, because these attributes confound the influence of opportunities and individuals.

In contrast to previous research, we define the field of entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited (Venkataraman, 1997). Consequently, the field involves the study of sources of opportunities, the processes of discovery, evaluation, and exploitation of opportunities, and the set of individuals who discover, evaluate, and exploit them.