

The Cognitive Infrastructure of Opportunity Emergence*

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Abstract

Before we can act on opportunities we must first identify those opportunities. Understanding what promotes or inhibits entrepreneurial activity thus requires understanding how we construct perceived opportunities. Seeing a prospective course of action as a credible opportunity reflects an intentions-driven process driven by known critical antecedents. Based on well-developed theory and robust empirical evidence, we propose an intentions-based model of the cognitive infrastructure that supports or inhibits how we perceive opportunities. We discuss how this model both integrates past findings and guides future research. We also show the practical diagnostic power this model offers to managers.

Some organizations find their pursuit of new opportunities a difficult challenge, yet other similar organizations seem to have little difficulty. Based on well-developed theory and robust empirical evidence, we propose that perceptions of organization members, channeled through intentions, can inhibit or enhance the identification and pursuit of new opportunities. This analysis proposes an intentions-based model of how opportunities emerge. Also offered are suggestions on how to develop an opportunity-friendly cognitive infrastructure.

Consider downsizing: It often arises because firms cannot identify profitable growth opportunities, even in firms that appear to have ample human resources to seek opportunities (Gertz & Baptista, 1996; Krueger & Gertz, 1996). Why is it that these firms cannot find new opportunities, but instead their thinking is dominated by threats? Consider firms that are frustrated by an inability to innovate despite having the requisite resources. Could it be that organization members do not perceive a focus on innovation as an opportunity? In both cases, we know the right questions to ask to understand why firm members do not perceive an opportunity.

An inadequate level of entrepreneurial activity may reflect an inadequate supply of opportunities perceived by organization members, not enough 'entrepreneurial' thinking. If we want to understand how corporate ventures emerge, we need to understand how opportunities emerge. Organizations do not innovate; individuals within those organizations innovate. As Shapero argued, we can increase an organization's entrepreneurial potential by increasing the quality and quantity of potential entrepreneurs within that organization. In turn, we do that by increasing

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the quality and quantity of opportunities perceived by organization members (Shapero, 1982, 1985; Krueger & Brazeal, 1994). Any theory of venturing might wish to consider the process by which individuals identify credible opportunities and the important role of perceptions in that process.

One thing we know about innovative activity is that the adoption of an innovation entails some sort of supporting infrastructure, both tangible and intangible. We focus here on the intangible infrastructure. Individuals need to perceive a prospective new course of action as a credible opportunity, which requires the opportunity to not just be viable, but be perceived as viable.

Thinking ‘Entrepreneurially’: The Need for Cognition-Based Models

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). From a research perspective, intentions models have proven consistently robust both in explanatory power and in predictive validity (Ajzen, 1987; Tubbs & Ekeberg, 1991). From a managerial perspective, the conceptual framework offers a parsimonious mechanism for diagnosing barriers to entrepreneurial activity.

Entrepreneurship research sorely needs a framework solidly grounded in well established theory (MacMillan & Katz, 1992; Jelinek & Litterer, 1994). Intentions-based models provide us a comprehensive theory-driven conceptual framework. This allows us to explain why (and how) phenomena such as champions operate. We need models that reflect how individuals actually make decisions and take action; these models include scripts and schemata (Lord & Maher, 1990). Intentions models do exactly that.

We can construct a tangible infrastructure to support the pursuit and implementation of existing opportunities. However, what about future opportunities? We do not find opportunities; we construct them. Opportunities are thus very much in the eye of the beholder. This tells us that perceptions and other cognitive phenomena are critical. So again we ask, what enhances the perception of viable, credible opportunities? (Another way of looking at this might be: What inhibits the perception of opportunities? Or even, what increases the perception of threats?).

What sort of infrastructure enables a greater orientation toward seeing opportunities and acting on them? The ‘heart of entrepreneurship’ is an orientation toward seeing (and acting on) opportunities regardless of existing resources (Stevenson & Jarillo, 1990). In a rapidly changing world organizations need to continually identify new opportunities beyond existing competencies (Hamel & Prahalad, 1989, 1994; Mintzberg, 1994) if they are to survive. This argues that organizations must adopt what Hamel and Prahalad call a “strategic intent” (1989) or what Covin and Slevin describe as an “entrepreneurial orientation” (1991; Lumpkin & Dess,