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## **Conceptualisation and Operationalisation of Entrepreneurial Opportunities in Theory and Practice of Management Sciences**

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**Abstract:** The aim of the paper is to present the current scientific achievements in the field of opportunity conceptualisation and operationalisation, to formulate a comprehensive set of elements of conceptualisation and operationalisation of entrepreneurial opportunities, and to carry out its empirical verification based on qualitative research conducted among companies of the SME sector. In-depth case studies of 5 enterprising and innovative companies from Poland served the implementation of the aim of the paper. The narrative approach based on interviews with the owners and managers of the surveyed entities was used as the research method. The results indicate that the analysed companies associate opportunities directly with entrepreneurship and the development of innovative activity. The respondents conceptualise them as external and perspective phenomena including specific dimensions such as: promising nature, personal and organisational competences, the environmental context, cognitive and behavioural processes, requirement for organisational engagement and effects of exploitation.

**Keywords:** *entrepreneurship, entrepreneurial opportunities, small business, innovation, management sciences.*

### **Introduction**

Entrepreneurial opportunities are one of key perspective concepts within the field of entrepreneurship research (Short et al., 2010). They express the dynamic and creative approach to exploiting the potential of the environment aimed at implementing innovative solutions into business practice. However, management sciences lack a uniform approach to defining and interpreting the nature of opportunities (Davidsson, 2015). There are various concepts of conceptualisation and operationalisation of entrepreneurial opportunities presented in the literature (e.g.: Dutta & Crossan, 2005; Dimov, 2007; Grégoire, Shepherd & Lambert, 2010; Hansen, Monllor & Shrader, 2016). Taking this into account, the aim of the paper is to present the current scientific achievements in this field, to formulate a comprehensive set of elements of conceptualisation and operationalisation of entrepreneurial opportunities in management sciences, and to carry out its verification based on qualitative research conducted among companies in the SME sector. In-depth case studies of 5 enterprising and innovative companies from Poland served the implementation of the aim of the paper. The narrative approach based on interviews with the owners and managers of the surveyed entities was used as the research method.

In the first part of the paper, a literature review was carried out, with particular reference to the current achievements and elements characterising conceptualisation and operationalisation of entrepreneurial opportunities in management sciences. Next, the research methodology was presented, and the entities taking part in the research along with the participants of the interviews were characterised. In the further part, the results of empirical studies were presented with particular emphasis on the narrative nature of the results obtained. In the final part, the author's own concept of characteristics of entrepreneurial opportunities which should be taken into account in their conceptualisation and operationalisation was formulated, then the limitations and directions of further research were indicated. The presented study was conducted as an analysis carried out under the research project no. 2015/17/B/HS4/00988 financed by the National Science Centre, Poland.

### **Literature Review**

Opportunities are one of the main conceptual foundations and elements of the definition of the phenomenon of entrepreneurship. This is pointed out by T.R. Eisenmann (2013) citing one of the most recognised definitions according to which entrepreneurship is the pursuit of opportunity without regard to resources currently controlled (Stevenson, 1999, p. 10). Opportunities are understood as future situations or events deemed desirable and potentially feasible (Wood & McKinley, 2010). They are also defined as ideas conducive to innovation which can achieve value through further investments (Kornish & Ulrich, 2011), conditions under which new products or services can meet market needs (Hitt, Ireland & Hoskisson, 2016) or inefficiencies in social reality that can be adjusted to make a profit (Packard, 2017). They are highly relativistic and their assessment and perception vary depending on the entrepreneur, and also change over time. It is caused by various aspirations of individuals and different perception of their capabilities, abilities and potential. The entrepreneur's aspirations depend on the assessment of the current situation and future expectations, while the possibilities vary depending on the inherent abilities and acquired skills, competences, experience and the determinants of the socio-economic environment. K. Wach (2015) emphasises that the general theory of entrepreneurship is oriented towards identification and exploitation of entrepreneurial opportunities in order to create innovations, novelties and value for stakeholders. Opportunities are both the inspiration for and the effect of entrepreneurial activity, and are at the same time an important component of exploration and explanation of managerial behaviour of entrepreneurs.

Due to their specificity, entrepreneurial opportunities play a particularly important role in the management of micro, small and medium-sized enterprises (SMEs). They are directly related to the enterprising style of leadership including entrepreneurs' attitude towards innovativeness and creativity, their passion and internal motivation, ability to motivate others, perseverance, flexibility and patience in action, vision of the future and willingness to take risks (Renko, El Tarabishy, Carsrud & Brännback, 2015). Orientation of companies from the SME sector towards exploration and exploitation of opportunities as well as the entrepreneurial style of leadership and management positively affect market results of small business (Sam, Tahir & Abu Bakar, 2012). The main role in this respect is played by the attitude towards revolutionary opportunities, high flexibility of action and the ability to quickly respond to market signals. An entrepreneurial culture, promoting the continuous search for opportunities in various areas of the market, is also

important. The results of the research conducted by M.J. Rodríguez-Gutiérrez, P. Moreno and P. Tejada (2015) among Spanish SMEs indicate, however, that the ability to recognise market opportunities is one of the important factors affecting growth processes of enterprises in the areas of: employment, sales (revenues) and assets (investments).

Entrepreneurial opportunities are also the central axis of the research methodology in the framework of Global Entrepreneurship Monitor (GEM). According to it, the emergence of new enterprises can be motivated by (Global Report 2017/18):

- opportunity-driven entrepreneurial activity, which results from identifying favourable events or market conditions and striving to exploit them as part of one's own business activity,
- necessity-driven entrepreneurial activity, which includes initiating business activity in the absence of other options, e.g.: in an unemployment situation, under threat of job loss, or when current professional activity is not sufficiently satisfactory.

From the perspective of development prospects of new companies, the first type of motivation is particularly desirable. Enterprises set up in order to seize opportunities are characterised by faster growth, higher survival rates and better financial results. This is confirmed by international analyses carried out by M.R. Zali, N. Faghih, S. Ghotbi and S. Rajaie (2013) using data from Global Entrepreneurship Monitor surveys from 60 countries around the world. They show that entrepreneurship based on exploitation of opportunities is significantly and positively associated with faster growth of the surveyed enterprises. These relationships show significant negative values when considering the impact of business activity motivated by necessity on variables related to development and growth processes of the surveyed companies.

Despite the significant importance of opportunities for exploration and explanation of entrepreneurial behaviours and attitudes, especially in small business, management sciences lack a unified approach to defining and interpreting the nature of entrepreneurial opportunities. This is pointed out in the research conducted by J.C. Short, D.J. Ketchen, C.L. Shook, R.D. Ireland (2010) as well as P. Davidsson (2015). A lack of consistency in conceptualisation and operationalisation of opportunities is also identified as a problem by the same authors in their subsequent publications. On the basis of this diversity, specific problems can be recognised based on the following paradoxes consisting in the perception of opportunities as:

- objective external conditions occurring in the environment awaiting recognition (discovery) by entrepreneurs versus subjective phenomena based on individual cognitive processes or social constructions which in order to be realised need to be created by the entrepreneur,
- current external circumstances versus action paths in the future or imagined future states of affairs,
- profitable situations versus circumstances that require expenditure (costs) to achieve market success and may even lead to losses,
- ideas for introducing innovations versus ideas serving the purpose of imitating existing solutions,
- circumstances leading to the creation of innovative goods, services or processes versus circumstances conducive to the creation of new enterprises and other types of organisations,

- conditions based on the beliefs and convictions of the entrepreneur versus conditions based on plans and market analyses,
- situations that require access to resources for their realisation versus situations possible to implement regardless of the resources controlled by the entrepreneur.

An important source of this diversity is conceptualisation of opportunities under three basic theoretical approaches (Alvarez, Barney, 2007, pp. 11-26; Ramoglou, Tsang, 2016, pp. 410-434):

- discovery of opportunities, which emphasises the objective occurrence of opportunities in the environment that are waiting for identification and exploitation by entrepreneurs in order to generate profits,
- creation of opportunities, where it is pointed out that opportunities are subjective and are created endogenously by entrepreneurs' activity,
- actualisation of opportunities, within which entrepreneurs focus on recognising market trends understood as unmet or potential market demand which can be turned (actualised) into profits.

Davidsson (2017) metaphorically compares these three approaches to: (1) flower-picking, (2) flower-sculpting, and (3) searching for the germination potential found in the seeds of flowers. J. Kitching and J. Rouse (2017, pp. 558-577) draw attention to a number of restrictions relevant to these approaches. With respect to the concept of discovery, they show a contradiction between the objectivity of the emergence of opportunities and the subjectivism of beliefs about their market success. As far as the creation of opportunities is concerned, they object to its substantive basis founded on the following constructs: a business idea, the acquisition, combining and mobilisation of resources, the development of a network of relations, or the creation of new business ventures that are all relatively well-grounded concepts and should be considered separately and not as part of another concept. In the opinion of these authors, the structural and cultural context plays a key role in entrepreneurship, which motivates and enables as well as limits the involvement in specific forms of entrepreneurial activity in a given place and time. The significance of this context is emphasised as part of the concept of opportunity actualisation in which opportunities are interpreted as tendencies existing independently of entrepreneurs in the form of unmet or potential market demand. They can be turned (actualised) into profits only through the activity of entrepreneurs. These tendencies are expressed by market desires that are not fully synchronised with external behaviours of customers, however, under appropriate conditions they can trigger the activity of buyers and result in observable market effects. Entrepreneurial activity in these conditions comes down to (1) imagining the reality in which profits are derived after undertaking entrepreneurial activity, (2) believing that this state is ontologically possible, and (3) retrospectively understanding on the basis of achieved profits that the opportunity actually existed in reality.

Analyses of the current achievements in the field of conceptualisation and operationalisation of entrepreneurial opportunities have been made by D.J. Hansen, J. Monllor and R.C. Shrader (2016). Based on a broad literature review and their own previous research (Hansen, Shrader, Monllor, 2011), they have identified 76 elements appearing in definitions and operationalisations of opportunities in management sciences, dividing them into 5 main categories including:

- person(s)/organisation – including the person of the entrepreneur and his/her characteristics, with particular emphasis on his/her ability, motivation, desire and knowledge,
- environmental context – which highlights the situational context, time, the competitive market, as well as the wider socio-economic environment,
- cognitive processes – in which creative activities have been identified in the process of recognising and/or creating opportunities, as well as in their evaluation, development and organisational learning,
- behavioural processes – primarily various types of interactions and social activities contributing to exploration and exploitation of opportunities,
- outcomes – in which the emphasis is placed on the results and effects of exploitation of opportunities in the form of new business ventures, products, services, processes, novelties and market resources, as well as value for customers and new market outlets.

The obtained results indicate that, in the definitions as well as in the proposals for operationalisation, the authors focus primarily on the outcomes/effects of opportunity exploitation (36% of indications pointing to the conceptualisation elements and 27% to the elements of operationalisation) and on the environmental context related to the external character of opportunities (27% and 35% respectively). To the smallest degree, however, the elements related to the person(s)/organisation, in which the concept of the entrepreneur plays a key role, are emphasised. A summary of key elements of conceptualisation and operationalisation of entrepreneurial opportunities in individual categories is presented in Table 1.

*Table 1: Key elements of conceptualisation and operationalisation of opportunities in management sciences*

Category	Element	Found in definitions		Found in operationalisations	
		n	%	n	%
Person(s)/organisation	Entrepreneur	38	68%	20	57%
	Ability	7	13%	3	9%
	Knowledge	1	2%	6	17%
Environmental context	Situation	28	15%	4	3%
	Possibility	27	14%	14	12%
	Customer market	17	9%	12	10%
	Resources	16	9%	7	6%
	Time	15	8%	12	10%
Cognitive processes	Industry/competition	5	3%	9	8%
	Recognise/discover	34	38%	21	49%
	Development	17	19%	5	12%
	Creativity	9	10%	0	0%
	Evaluation	8	9%	4	9%
Behavioural processes	Match/fit	7	8%	3	7%
	Create	31	29%	8	17%
	Introduce	26	24%	4	9%
	Action	15	14%	2	4%
	Scan/search	12	11%	6	13%
	Exploit	6	6%	11	23%
	Social interaction	5	5%	4	9%

	Improve	4	4%	4	9%
Outcomes	Product	43	17%	8	9%
	Newness	39	16%	21	23%
	Business processes	24	10%	3	3%
	Profit	24	10%	2	2%
	Customer market	19	8%	2	2%
	Business	14	6%	16	18%
	Business/product idea	8	3%	13	14%

Source: Own elaboration based on (Hansen, Monllor & Shrader, 2016).

The formulated proposal may serve as a starting point for further analysis and consolidation of the existing achievements in the field of conceptualisation and operationalisation of entrepreneurial opportunities. However, it requires empirical verification, which is discussed later in the paper.

### **Research Methodology and Sample Characteristics**

The author's own qualitative research embedded in the positivist trend (Symon, Cassell & Johnson, 2018) and carried out in the form of a case study (Gummeson, 2017) of 5 innovative companies from the SME sector in Poland served the implementation of the aim of the paper. The following entities were purposefully selected for the study:

- ID Block Systems from Warsaw
- i3D from Gliwice,
- DNA Research Centre from Poznan,
- Roltex from Sulechow,
- EkoWodrol from Koszalin.

The selection criteria included: (1) the size of the enterprise as well as (2) a high level of entrepreneurship and innovation. All the entities investigated meet the criteria of the uniform, formal definition of micro, small and medium-sized enterprises in the European Union (European Commission, 2015), including (a) the level of average annual employment, (b) the annual turnover, (c) the value of assets, and (d) capital/ownership independence from others entities. Their high level of entrepreneurship and innovativeness has been confirmed by prestigious awards or distinctions granted at least at the national level.

As part of the research work, in-depth interviews with representatives of the investigated companies responsible for managing innovations were conducted. In order to ensure comparability of the empirical material, a standardised interview technique was used with an original questionnaire in paper form as the research tool.

Two owners and three managers of the analysed entities participated in the interviews. They were mostly men (4 respondents), people aged 31-40 (3 respondents) or 41-50 years (2 respondents). All the respondents had at least 5 (2 people) or 10-year (3 people) experience in the industry and technical (3 people) or economic (3 people) tertiary education (one of the respondents marked both types of education). In order to ensure high objectivity and freedom of expression of the respondents, general questions were asked so as not to suggest formulating answers based on theoretical achievements of management sciences. Due to the need to maintain anonymity of solutions applied by individual entities, the results were presented in an aggregated way, in relation to individual substantive issues considered in the paper. On the basis of the information obtained from the respondents and the content of their company websites, it is possible to present the characteristics of the surveyed enterprises (Table 1).

*Table 1: Characteristics of the surveyed enterprises*

Characteristics	ID Block Systems	i3D	DNA Research Centre	Roltex	EkoWodrol
Year of establishment	2011	2007	2006	1994	1992
Legal form	LLC*	JSC**	LLC*	LLC*	LLC*
Size	Micro	Small	Small	Medium	Medium
Sector	Services	Services	Services	Services	Services
Industry	Intellectual property protection, ICT	ICT	Medical	Sheet metal working, transport	Construction
Range of market activity	Global	International	Domestic	International	Global

Note: \*limited liability company \*\*joint stock company

Source: Own study based on the conducted research.

All the surveyed companies provide services, primarily in industries recognised as high-tech. They operate mainly on the international arena and are focused on the creation, development and commercialisation of innovative solutions with at least national range. Their successes in this field are confirmed by many awards and distinctions for entrepreneurship, innovativeness and products/services offered.

The company ID Block Systems deals with the creation, development and commercialisation of contactless technologies, security of personal identity documents and banknotes as well as IT systems protecting intellectual property. As part of its innovative activity, the company has registered 17 patent applications in the USA and EU. Its leading position in innovation management is confirmed, among others, by the title of “Innovative Company” awarded in the nationwide competition of National Leaders of Innovation and Development in 2013 as well as by the “Silver Laurel of Innovation 2013” prize awarded by the Polish Federation of Engineering Associations in the category: commercialisation of graphene solutions. In the years 2011-2012, the company also received 10 other, national and regional, awards for its innovativeness and innovative market products. In its research and development, ID Block Systems actively uses the support of external investors as well as co-financing for the implementation of its projects obtained from the EU funds, e.g.: in the framework of the “Innovative Economy” Operational Programme.

The i3D company creates and develops innovative IT technologies in the area of virtual reality and realistic three-dimensional 3D graphics. Its products fully imitate the real world in virtual reality, significantly accelerating design processes, construction verification and testing of modelled objects. The company’s leading products are: proprietary Quazar3D software, which is a modern graphics engine for creating interactive virtual reality applications, as well as the Flooid system for managing touch applications and multimedia equipment. In recognition of innovative market solutions, the company received in 2015 the award in the competition “Initiator of Innovation” organised by Newsweek Poland and PwC for the E-physiology project which enables conducting virtual three-dimensional vivisection. In 2013, the company received an award at the French Laval Virtual Awards in the “Engineering, Service and Training” category for the implementation of the innovative project called “Interactive Engineer

Training” (InterEDU). In the years 2011-2013, it also recorded 8 other successes in national and international competitions in the field of entrepreneurship and innovativeness.

DNA Research Centre is an innovative biotechnology company offering services in the field of genetic medical and microbiological diagnostics based on molecular research technologies. As part of its own research and development work, the company has developed innovative diagnostic methods allowing it to create over 600 genetic tests in the field of: microbiological diagnosis, predisposition to cancer and genetic diseases, as well as identification of kinship. The company also provides laboratory, bio-informatic and design services for scientific and research institutions, medical institutions and companies from the agro-food industry. For its achievements, in 2012, the company received an award for the development and implementation of a comprehensive panel of diagnostic tests to identify pathogens transmitted by ticks in the competition “Innovative Project” organised by the Polish Agency for Enterprise Development. In the years 2009-2011, it also received 14 other prizes, distinctions and certificates confirming its market success, including the award for an innovative service in the nationwide competition of National Leaders of Innovation and Development.

The Roltex company is a multi-branch enterprise operating in the field of metal processing, warehouse management and internal transport. It implements comprehensive projects related to the processing of sheets, pipes and metal, as well as the production of steel details, parts and structures, ranging from design, through production, to assembly. The company also offers a variety of elements made of black, stainless and acid resistant steel and aluminium as well as a wide range of warehouse, shop and production hall equipment, ranging from simple platform trolleys to extensive racking systems (pallets, cantilevers, shelves, etc.). As part of its innovative activity, the company primarily improves its technological processes based on innovative processing techniques, e.g.: using a laser cutter, and introduces new services and products. Its position of the market leader has been confirmed by a number of awards, including the Lubuski Business Leader Award, HIT Region, Market Leader of Innovation 2012, Business Gazelles distinction, and the Golden Certificate of Business Credibility. The credibility of the company has also been recognised by extending an invitation for it to join the Chapter of Reliable Companies.

The EkoWodrol company is a specialist contractor in water treatment and wastewater treatment technology, internal installations and technological networks, as well as water supply and sewage system facilities. The company conducts its own research and development activities and has a unique laboratory for testing fittings and check valves. As a result, a number of innovative devices on a global scale have been patented and implemented, for example, Szuster System elbow check valves and innovative pneumatic compressors which besides pumping sewage additionally remove the problem of noxious odours. The company actively internalises its operations by selling its products to more than 20 countries around the world, including the USA, Australia, Malaysia, Russia, Great Britain, Germany or the Netherlands. The position of the leader of innovation has been confirmed, among others, by holding the second place in the ranking of the 500 most innovative companies in Poland in 2010 prepared by the Institute of Economics of the Polish Academy of Sciences and the MSN Scientific Network as well as by the



“Regional Leader of Innovation and Development” title awarded in 2011 for two innovative products: aeration columns and purge columns.

### **Research Results**

In the research, the classification of the basic dimensions of conceptualisation and operationalisation of entrepreneurial opportunities proposed by D.J. Hansen, J. Monllor and R.C. Shrader (2016) was empirically verified. The empirical material for analysis was obtained on the basis of answers provided to questions about:

- understanding and perception of entrepreneurial opportunities by the company management,
- places for exploring opportunities and types of opportunities exploited in the business activity conducted,
- activities/actions constituting the process of opportunity exploration and exploitation,
- effects of exploration and exploitation of entrepreneurial opportunities in the course of conducted activity.

The results confirm that the respondents in their statements defined opportunities from the perspective of dimensions identified in the theoretical part. In the area of person(s)/organisation characteristics, they pointed to, among others, the fact that the ability to “take advantage of opportunities and willingness to take risks should be traits of every development-oriented manager and enterprise”. Activities in this area have a continuous character, constituting a permanent feature of the company’s organisational system: “the company attempts to seek and attract various opportunities through its activities. Thanks to the development-oriented approach, such activities are carried out constantly and do not rely on actions planned for a short, fixed time. Hence, it can be said that searching for opportunities is an ongoing process”. The importance of knowledge as one of the most important dimensions of operationalisation of entrepreneurial opportunities in research practice was also emphasised. It was directly associated with the company’s attitude towards development and sensitivity to information that forms the basis of exploration and exploitation of opportunities: “our experience shows that the constant desire to develop was key. It means that we actively participated in fairs, industry meetings, economic missions, conducted market research and comparisons with competitors, etc. Thus, we searched for and found opportunities. The innovations implemented were preceded by signals about new technologies or changing customer requirements”. Other respondents also expanded the scope of the subjective characteristics conducive to exploration and exploitation of opportunities to include structural elements and the role of organisational flexibility. One of the respondents pointed out that: “the organisational model of the company is based on the matrix structure enabling the rapid creation of a project team established in order to exploit a business opportunity and the fast implementation of a new product. This structure allows us to use internal resources within the whole capital group (several affiliated companies) as well as engage external resources. The overriding goal is to quickly exploit a given opportunity and implement the related project”. Another said that “effectiveness of activities and exploitation of opportunities depend primarily on professional experience, company flexibility and intuition”.

The respondents paid a great deal of attention to the role of environmental factors in conceptualisation and operationalisation of entrepreneurial opportunities. They

emphasised, among others, the significance of the situational context affecting the possibility of exploration and exploitation of opportunities: “entrepreneurial opportunities arise from the current state of operations, current steps taken by the company, its observation of the environment, and risk assessment regarding the possibilities of the implementation of innovation. And the company’s actions in this area focus on very risky activities”. The results indicate that the situational context links opportunities directly with the external perspective, in particular with the customer market and market competition. One of the respondents stated that “entrepreneurial opportunities arise directly from the conducted business activity, especially in contacts with external entities or the market environment”, while another emphasised that “opportunities are also ‘impossible’ places where the competition has decided not to seek a field for business exploration”.

In the opinion of the respondents, customers and other stakeholder groups play an important role in exploitation of entrepreneurial opportunities. They are a source of inspiration, at the same time providing a resource base for the development of innovative ideas. This was described in detail by one of the respondents: “our company actively seeks opportunities to develop and implement innovation through participation in project consortia, partner cooperation and solving specific problems jointly with the scientific community. It can be said that most opportunities are created by the company to meet customers’ needs. Some opportunities are discovered during the implementation of projects for specific customers. Then they provide the basis for further cooperation with the customers or for product innovation”. This is also confirmed by the statement of another manager who identifies customers, business partners and even local authorities and administration as an important source of entrepreneurial opportunities. In his opinion, they most often result from “conversations and contacts with customers who have an unmet need or would like to do something cool using technology. Customers often do not know themselves how to use technology for their needs”.

The environmental element of entrepreneurial opportunities is also related to time, i.e. the right moment and period of their exploration and exploitation. This is well illustrated by the statement made by one of the respondents: “Opportunities, as I understand them, emerge as something that cannot be planned ‘in advance’, both in terms of timing and form, and something that lasts for a specific period of time”. Another respondent emphasised that opportunities “are fleeting, they do not last forever and are tightly embedded in time. If we do not exploit them, it will probably be done by someone else, you can quote here a proverb known mainly from football pitches: ‘a missed opportunity will come back to haunt you’”. This dynamic nature of entrepreneurial opportunities also requires securing and engaging the appropriate level of resources for their exploration and exploitation on the part of the company: “another feature of opportunities is also the fact that it is often necessary to engage human, time or financial resources to be able to exploit a given opportunity. This means that the company must remain ‘on standby’ all the time and must be open to the emergence and exploitation of an opportunity. Opportunities are characterised by the fact that they often do not give us a second chance”.

Next the analysis of the respondents’ statements was carried out with reference to cognitive processes that conceptualise and operationalise entrepreneurial opportunities. These processes are highly developmental and aimed primarily at pro-innovation

activities: “Opportunities for the company are a chance for development, for a change of, for example, the method of production or technology. They also provide a chance, which is particularly evident in the actions undertaken by the company, for activating the innovative potential of the enterprise”. The developmental character of these processes was associated primarily with the implementation of projects initiated by exploration of opportunities. One of the respondents stated in this case: “entrepreneurial opportunities as the company understands them are a chance to implement projects that result in a product or service”. Another respondent pointed out that: “entrepreneurial opportunities in the case of the company are characterised by the chance for high uniqueness of the final outcome of innovation development. At the same time, the company implements the plan of ‘a few fishing rods’, i.e. the development of several projects at the same time, counting on the success of at least one of them”. Almost all the respondents (4 out of 5) stated that cognitive processes included activities aimed at both the creation and discovery of opportunities. This is well illustrated by the statement made by one of the surveyed managers: “In the first case [the company] assumes the existence of rationality in the implementation of innovation and develops a given project focusing on intuitive activities and observation of the environment. In such cases the level of risk in terms of involvement in the project is higher. In the case of discovering existing opportunities, the creation of opportunities is based on ready-made solutions, but at the same time focusing on unique elements created on the basis of potential customer/partner’s needs”.

According to the respondents, the development of cognitive processes aimed at recognising/discovering entrepreneurial opportunities is based to a large extent on creativity. They treat opportunities as “new, emerging concepts and ideas, as well as potential synergistic effects thanks to which the company’s resources can be used to achieve a market advantage”. This creativity is stimulated, among others, through heuristic methods. One of the respondents as examples of actions aimed at the development of creativity mentioned: brainstorming, internal meetings, analysis of current products and services, market trends, competition and technological trends. Another respondent emphasised that “the company recognises current and changing market trends, which enables it to quickly respond to needs and solve problems. The company monitors the market on an ongoing basis. During meetings with customers, for example, operational problems are talked over, which are then reported and discussed. During the brainstorming sessions, ideas for modifications, improvements or new products arise”.

Activities aimed at evaluation of proposed and undertaken initiatives and their fit to market needs are also an important element of cognitive processes. This is illustrated by the respondent’s statement: “Then (...) another meeting is organised where the potential benefits and risks to be considered are discussed in more detail. Knowing the ratio of potential benefits to possible losses, the final decision is made to continue the work related to the exploitation of the emerging opportunity. Several meetings regarding exploitation of opportunities have been held in a similar way, which has resulted in the implementation of innovations in our company”. Another participant of the study assigns an important role in this respect to the analyses conducted within the company, aimed at answering the questions: “whether the product meets the expectations of the user, to what extent the product is ahead of the competition, and what can be improved to make our

product even better. This leads to the creation of novelty or improvement of existing products”.

The respondents in their statements devoted a great deal of attention to the behavioural processes that conceptualise and operationalise entrepreneurial opportunities. Activities focused on the creation and introduction of innovative solutions into business practice through interaction with social actors are their important dimension: “our company is keen to exploit opportunities to implement non-standard projects that make us constantly perceived by the market as an innovative company. Cooperation with business partners allows us to create the market and new needs. A project carried out [with one of the partners] can be an example. This project has become an opportunity to apply modern solutions in the traditional financial sector”. The role of behavioural processes in the creation and introduction of innovations is also emphasised by another respondent: “Thanks to the exchange of information with recipients of services over many years of activity, a number of innovations have been developed and implemented. Cooperating [partners] suggest what is not on the market, what they would like us to explore or what would facilitate the solution of specific problems”.

According to the respondents, the activity of the company focused on scanning/searching for and exploitation of entrepreneurial opportunities through various social interactions becomes an important foundation of behavioural processes. One of the respondents explained it in an interesting way: “Our experience shows that opportunities occur as a result of actions already taken – they certainly do not come from ‘sitting around and waiting’. We can see that when we behave in an active way, that is, participating in fairs, industry meetings, conferences, trips, market/competition research, etc., new opportunities for additional benefits (from financial to information ones) arise from time to time. This manifests itself in various ways, e.g.: by meeting a potential customer or obtaining information about the possibility of using co-financing. Observing what has happened in our company, I find that emerging opportunities were not a pure coincidence but resulted from the fact that through our actions, we let those opportunities appear in our lives. This way, we have gained many customers and information that has helped us in our development”. Another manager drew attention to the importance of undertaking proactive and anticipatory measures in the search for and exploitation of opportunities: “On many occasions, ideas for innovations are a step ahead of the needs signalled by our clients. The company analyses the needs of customers in advance, knows their products/technologies very well. For example, it is confirmed by the cooperation with [a German partner] (...). By analysing the structure of their product, our company prepared a special solution – a modification that allowed them to eliminate a complicated connection, which resulted in a reduction in costs. The modification was prepared before any signalling of such a need from the German manufacturer and was very well received by the client”.

Behavioural processes at the same time allow for continuous improvement of operations and increase the effectiveness of exploration and exploitation of entrepreneurial opportunities in business practice. One of the respondents draws attention to this fact. In his opinion, what is important is “gained experience, which in the case of an opportunity often turns out to be key and allows one to exploit it. Each subsequent, even small advantage, strengthens our position and makes us become stronger as an organisation. I could compare this to the training of athletes... each of the well-conducted training sessions results in a small development and growth of form. It is the same with us, we

can say that 'we train in different disciplines', including searching for innovation opportunities, but thanks to that we also practise other activities such as negotiations, trade talks, as well as the organisation of various tasks and many others, thanks to which we strengthen ourselves as a whole".

In their statements, the respondents conceptualised and operationalised entrepreneurial opportunities also through a number of outcomes, considered primarily in terms of specific benefits. This is well illustrated by the statement made by one of the respondents: "An opportunity is a chance to take action that will bring tangible benefits in the future (...). The very word 'opportunity' carries a certain emotional charge associated with its transience, a chance to achieve a great advantage". The most frequently mentioned category of outcomes are products, services and/or processes with a high level of novelty and market originality. The statements also emphasised that "the key benefit is the company's constantly expanded offer, mainly based on innovative tests, and often considerable publicity related to the implementation of solutions unavailable on the market." Another respondent then pointed out that: "We have always been looking for opportunities to introduce innovative changes in existing production processes and related to the introduction of 'external novelties', i.e. the implementation of innovative activities in the production process by using new machines or technologies". During the interviews, the indirect impact of entrepreneurial opportunities on the creation of innovative products and/or services was also identified: "The most frequently exploited opportunities in implementing innovations are related to the acquisition of co-financing. In this way, several projects were completed consisting in equipping the production plant with modern machines and equipment – we purchased new machines which after adapting to our needs and using our know-how turned into innovations". The respondents associated the introduced novelties with the achievement of "measurable benefits", and mentioned that "the final goal of an opportunity is to achieve profit".

Conceptualisation and operationalisation of entrepreneurial opportunities among the respondents are also carried out by identifying a number of other benefits with a wider market impact. One of the managers stressed that opportunities are characterised by the fact that "they can be a source of long-term competitive advantage". Outcomes included in this category encompassed, among others: "better perception of the company and building its image" and "perception of the company by the market as an innovative company, better brand recognition". Another respondent stated that: "the aim of constantly seeking innovation opportunities is to be a market leader in the area of modern technologies. The company has chosen such a development strategy that requires a constant pro-innovative attitude and seeking further market niches". The impact of entrepreneurial opportunities on the market position and building a sustainable competitive advantage is also achieved by influencing the development of the company's organisational system and its interaction with the environment. This is well illustrated by the statement made by one of the respondents: "In addition to the implementation of innovations, the search for opportunities and a chance for development means that we are building an ever-growing network of contacts and learning, e.g.: about new organisations and technologies, or establishing business contacts. This approach fosters the overall development of the company and its individual employees. Even when we have not found opportunities to develop innovations, many times we have had a chance to meet and gain new customers and suppliers, which has translated into increased turnover and profits.

The overall outcome of such activities is certainly beneficial, and the obtained results of such work encourage us to continue these activities”.

### **Conclusions**

The theoretical part of the paper presents the current achievements in the field of conceptualisation and operationalisation of entrepreneurial opportunities. It indicates significant progress in this area, also in the field of research synthesis. The proposal put forward by D.J. Hansen, J. Monllor and R.C. Shrader (2016) was selected for further analysis and was subjected to empirical verification based on the opinion of owners and managers of innovative SMEs concerning the perception of the concept of entrepreneurial opportunities in business practice. The obtained results confirm that the respondents' opinions match theoretical assumptions very well. On the basis of the conducted research, it is possible to enrich the theory of management sciences with the formulation of a catalogue of characteristics of entrepreneurial opportunities that should be taken into account in their conceptualisation and operationalisation. These features include:

- their positive character which means that opportunities are events or favourable circumstances that allow one to obtain good results, achieve goals (in particular, business and economic objectives) and/or limit the impact of adverse factors,
- their creative character, as opportunities are an impulse for action aimed at achieving goals; they allow one to reduce constraints and exceed one's own capabilities,
- their external character which means that their source is the environment of the enterprise, and it is directly related to the external context of the functioning of the economic entity,
- their connection with a specific moment and time, as opportunities are discovered at a specific moment and last for a specified period of time; after this period, their discovery and/or exploitation may be impossible or significantly impeded (requiring, for example, more expenditure),
- their dynamics – opportunities are not fixed values in time, they undergo transformations of an evolutionary or revolutionary character, with no or only limited control over these changes,
- their forward-looking character which means that opportunities focus on novelties and the future, and are related to dreams, visions and imagining future states of affairs,
- risk, which means that exploration and exploitation of opportunities is associated with a certain probability of success but may also result in a failure or lack of benefits,
- contextuality – opportunities are created/discovered, interpreted, understood and exploited by individuals in a diversified way, which is directly related to cognitive processes taking place in social relations,
- commitment requirement, which means that in order to exploit an opportunity in the conducted business activity, it is necessary to take specific actions (e.g.: evaluation of a given opportunity), engage certain resources and send impulses activating the opportunity to generate desired effects.

The weakness of the conducted research is a small research sample and a lack of representativeness of the obtained results. In the process of designing the study, however,

it was assumed that it would be necessary to purposefully select a sample and limit the deliberations to highly enterprising and innovative companies, which was supposed to increase the cognitive value of the results obtained. The research certainly needs to be continued. It is first of all necessary to extend the geographical scope of analysis. Further research is planned in countries with higher innovation rates (Germany, Sweden, the United Kingdom and France). It is also important to obtain more representative results, which can be done by carrying out quantitative research on a larger sample selected in a random manner. The author expresses the hope that further research will provide in-depth conclusions and will enrich the existing achievements in the field of conceptualisation and operationalization of entrepreneurial opportunities in management sciences.

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