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Serious Realist Philosophy and Applied Entrepreneurship

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Abstract

On the face of it, the interests of philosophers and entrepreneurs can appear worlds apart. Whilst philosophy is largely concerned with causal explanation, ‘truths’ and the nature of knowledge, entrepreneurship is a distinctively pragmatic domain, where doing (making it work) rather than theorising (understanding why it works) is prioritised. It might seem strange then to advocate the view that entrepreneurship theory could be *more* applied in its outlook if it took greater counsel of its philosophical background; but this is exactly what we suggest in this chapter. We put forward the case for a serious realist philosophical perspective, i.e., undertaking an approach that demonstrates theory/practice consistency, and which is purposefully designed to enable action with more veracity and effectiveness in the world, through utilising a realist ontology. We argue this general point by presenting a particular critical realist take on entrepreneurial opportunities and our capacity to be ‘ready’ to pursue them. We draw attention to the under-theorised ‘entrepreneurial project’ as the means through which entrepreneurial opportunities are realised, and highlight how understanding the conditions that enable such projects to develop can form the basis of an applied theory of entrepreneurial opportunity development.

Introduction

In 2005, Luke Pittaway undertook a review of ‘philosophies in entrepreneurship’, which, amongst other things, acknowledged that researchers in entrepreneurship had ‘recently begun to recognise that ideology, or the political basis of ideas, meta-theory and other “taken for granted” assumptions (axioms) have an influence on knowledge construction’ (Pittaway, 2005: 202). Drawing on Burrell and Morgan’s (1979) distinction between subjective and objective, and interpretive and functionalist paradigms, he went on to i) emphasise the predominance of functionalist and objective approaches in economic approaches towards entrepreneurship; whilst ii) indicating that there was a ‘tolerance for alternative views and approaches’ (Pittaway, 2005: 215; see also Grant and Perren, 2002). Over a decade later, it seems that there has indeed been an increasing interest in ‘alternative philosophical approaches’, including a growth of interest in alternative realist approaches to entrepreneurship (see, for example, Mole and Mole, 2010; Sarason et al., 2006; 2010; Alvarez and Barney, 2013; Ramoglou, 2013; Alvarez et al, 2014; Wilson and Martin, 2015; Martin & Wilson, 2016; Ramoglou and Tsang, 2016).

However, as Pittaway was at pains to emphasise, disagreement within and across paradigms exposes a considerable level of confusion as to just what ‘realist’ actually means in the context of entrepreneurship theory (see the debate between Alvarez and Barney (2014) and Ramoglou (2013), in particular). The distinction between a positivist (functionalist, objectivist) realism, which assumes an empirical realist ontology, and a critical realist approach (which is the basis for our research), founded on a transcendental realist ontology, is central. Leaving aside such confusions for now, we suggest that a striking feature that unifies all the realist positions put forward so far, is

that they have yet to ‘cross the chasm’ and be taken up by entrepreneurs in practice. It is this focus on *applied* entrepreneurship theory that motivates the unfolding arguments of this chapter. In particular, we look at the case for ‘serious’¹ realist philosophy, i.e., demonstrating theory/practice consistency, to help us be better prepared, or more ‘ready’ to pursue entrepreneurial opportunities, knowing more clearly what they are, what sorts of conditions are involved in their actualisation, and what sorts of projects they involve.

The human capacity for acting in the face of uncertainty, risk, complexity and ambiguity (Gibb, 2005; Knight, 1921; McKelvie et al., 2009; Mises, 1949) is a necessary characteristic of entrepreneurial action. As Casson and Wadeson (2007) have pointed out, the hypothesising of the opportunity after the event is usually of little analytical interest for the entrepreneur. Rather, what the entrepreneur wants to know is just how ready they are to exploit a given entrepreneurial opportunity, which they believe to exist. This is not just a reflexive question of ‘do I have what it takes?’ but would include an assessment of whether the prevailing conditions that distinguish market, technological, demographic, political and other exogenous characteristics of the environment, are conducive to the opportunity’s exploitation. Such questions of ‘opportunity readiness’ are of the upmost importance to entrepreneurs but have so far served as naive questions for research; making predictions of entrepreneurial action is contradictory to an ontology of uncertainty in the social world. It is against this backdrop that we suggest there is a role for serious realist philosophy to help meet the needs of entrepreneurs.

For example, in the field of applied psychology, the need for a complete explanation of a set of events is not as necessary as the ability to reduce uncertainty for practitioners making decisions. Personality theory can be used to reduce uncertainty (of future employee success) in recruitment decisions by between five and twenty percent, in this context, even a small reduction in the rate of error brings significant financial reward. So, whilst understanding the nature of opportunities is important, it is also important to ask whether philosophically informed applied entrepreneurship theory can offer help to entrepreneurs, without the standards required for ‘complete explanations’. Likewise, identifying applied theoretical concepts, that work in practice, could play a role for wider theoretical development. If, through applying critical realist philosophy, it can be demonstrated there are aspects of an opportunity that *can* be identified and known in advance, then this also holds the promise of enhancing practice.

Such applied theoretical development necessarily presupposes that the possibility of an opportunity resulting in entrepreneurship (i.e. an entrepreneurial opportunity) only exists in situations where certain conditions are met. To demonstrate this is the case, we draw upon previous work within the field of human development theory (Wilson and Martin, 2015) and use critical realism to outline six conditions that can be used in

¹ ‘Seriousness is a term of art deriving from the German idealist philosopher G.W.F. Hegel. It involves the idea of the unity of theory and practice, of being able to walk one’s talk, of not saying one thing and doing something completely different.’ (Bhaskar, 2016:2)

applied settings to assess whether any entrepreneurial opportunity is likely to be realised. Through doing this, a re-focusing of attention on the processes within the 'entrepreneurial project' (a hitherto under-theorised concept), as the primary means by which an opportunity is exploited, is identified as a crucial focus for applied theory development.

Serious philosophy and applied entrepreneurship theory

Paradoxically, we cannot conceptualise entrepreneurship without holding some theory of what it is in the first place. This poses particular challenges for those interested in providing an explanatory account of what entrepreneurship is, how it is best understood, and how it is (or should be) practiced. There are inevitable consequences of entrepreneurship being discussed from a wide variety of different theoretical perspectives or vantage points (Lawson, 1997). Teachers, practitioners, policy-makers, investors all hold different 'theories' about entrepreneurship. Understanding is therefore necessarily related to personal or professional goals and objectives. There are, of course, a wide range of different views about exactly what entrepreneurship is, and this raises some awkward issues. For some, entrepreneurship is associated with the creation of new organisations (Gartner, 1985; 1988; 2001; Kats and Gartner, 1988); others maintain entrepreneurship can best be understood in terms of opportunity identification and exploitation (Shane and Venkataraman, 2000; Shane, 2003; Eckhardt and Shane, 2003; Klein, 2008). For others still, entrepreneurship is about risk-taking (Knight, 1921), market processes (Kirzner, 1973), or market creation (Schoonhoven and Romanelli, 2001). These viewpoints bring the question of entrepreneurship's existence centre stage but with serious practical consequences. For unless we ask this question with the intention of finding an answer that identifies what form this 'existence' takes, applied theory is likely to remain trapped by the relativism that characterises much of the debate in the field.

Critical realist scholars have emphasised the importance of conceptualising the object of study (Sayer, 1992; Danermark et al, 2002). Indeed, Danermark et al. state that 'conceptualisation stands out as the most central social scientific activity' (p.41). As theorists, we must offer assistance to decisions over 'the spontaneous appearance of ordered social and organizational structures and processes from a seemingly random assortment of pre-existing conditions that are governed by a set of rules and principles' (Phan, 2004: 618). For a new product or service to be successfully introduced, we must ask what are the necessary activities and behaviours of specific individuals, under certain external conditions and, depending on where one sits on the objective-subjective continuum between Kirznerian and Schumpeterian stances, how can an entrepreneur 'identify', 'discover', 'create', 'enact', 'effectuate', and 'realise' entrepreneurial opportunities?

Thus far, scholarly interest in entrepreneurial opportunities has polarised into a discussion of entrepreneurial individuals on the one hand, and opportunities on the other (see Shane, 2003). By focusing on applied entrepreneurship we can re-focus attention on the conditions through which an opportunity is exploited. This means recognising

opportunities are for something, as well as someone. Consider an individual who has the ‘opportunity’ to win a gold medal at the Olympics. The opportunity would be for the ‘gold medal’, and for this particular individual, the opportunity would only be realised if certain conditions were met. For example, the athlete’s times for a particular event were at a level where they can reasonably expect to compete at the games. In practice, a coach can make a relatively simple assessment of whether this opportunity exists for a particular athlete by assessing their current performance, their rate of training improvement and the time remaining before the games begin. If enabling conditions are met, it can be claimed there is still an opportunity for this particular athlete. This does not mean the opportunity has been exploited. The training and event still need to happen but an erstwhile assessment of the opportunity could be made before the athlete began their training programme through analysing the conditions surrounding the opportunity.

Whether an individual will in fact go on to win a gold medal, regardless of the existence of the opportunity, will depend upon a host of further conditions – there is no deterministic outcome. Even when the individual athlete has met all the conditions that one might think of as necessary to win the race (e.g. being the fastest runner on paper, drawn to run in their preferred lane, mentally and physically in peak form etc.) there is still no guarantee that the opportunity will be realised, but, and importantly for entrepreneurial practice, the assessment of conditions can reduce the uncertainty and enable the athlete to fail early, should performance not reach expected standards. In developing applied theory for entrepreneurship the starting conditions, for a similar pre-start opportunity assessment, also need to be identified for practicing entrepreneurs (even if this means ignoring debates over what an opportunity might be).

This is consistent with an activity-based model of economics, which distinguishes between the set of possible activities and, within this, a subset of feasible activities. However, whereas activity-based models determine what is feasible primarily in relation to the state of technology at the time (see Casson and Wadeson, 2007:289; Koopmans, 1951), feasibility in the context of entrepreneurship can be determined by a broader set of conditions. These conditions are both exogenous (i.e. not dependent on any particular individual for their existence), and endogenous (i.e. dependent upon the characteristics and/or actions of the individuals involved). Whilst our starting point will embrace the widest set of ‘possible’ opportunities, we can make an important distinction between conditions for all types of opportunities and those that hold as conditions necessary for an entrepreneurial outcome. The decision to exploit an entrepreneurial opportunity can be informed through recourse to a similar logic to the athlete and their coach and through asking: What are the minimum set of conditions I need to assess in order to decide whether to act on an entrepreneurial project? Identifying these starting conditions can be used to begin development of applied entrepreneurship theory.

The entrepreneurial project

Serious realist philosophy can help identify the nature of entrepreneurial enterprise, or in Shane's (2003) terms, the 'individual-opportunity nexus' (see Mole and Mole, 2010 in debate with Sarason et al., 2006; 2010), through utilising realist conceptual abstraction. In this case critical realist social theory and Archer's (2003) ideas on agential projects have something distinctive to say about the mediating role of human projects in both social reproduction and transformation of social structures. Archer identified three fundamental conditions for structural and cultural factors to exercise their powers of constraint and enablement (i.e. for these factors to actually impinge upon those involved). The first of these conditions is that there must be a 'project' of some kind. Archer (2003:6) outlines the agential project as 'an end that is desired, however tentatively or nebulously, and also some notion, however imprecise, of the course of action through which to accomplish it.' As a first run past, therefore, we might conceptualise the *entrepreneurial project* as comprising an agential project understood within the specific domain of entrepreneurship.

Second, there must be a relationship (congruent or incongruent), between the prevailing cultural and structural conditions and the project. In other words, 'whether or not constraints and enablements are exercised as causal powers is contingent upon agency embracing the kinds of projects upon which they can impact' (Archer, 2003:7). Understanding what sort of project might be impacted by market conditions, demographic changes, technological break-throughs, and so on is, of course, a major focus of interest for the entrepreneurship field as much as for entrepreneurs themselves. Third, there must be reflexive choice on behalf of those individuals involved. As Archer notes (2003:7) 'the influences of constraints and enablements will only be tendential because of human reflexive abilities to withstand them and strategically to circumvent them'. Thus, even where market conditions, demographic changes, technological break-throughs etc. appear not to offer 'opportunities', we still encounter entrepreneurial projects that seem to defy the odds.

The agential project (which may build on the idea of an individual or an entrepreneurial team²), is therefore constantly being reproduced and/or transformed through the actions of those involved. In its early stages it may well comprise an end (or ends) that remain loosely articulated, as tacit rather than explicit knowledge (Nonaka and Takeuchi, 1995). This is consistent with the logic of effectuation, which draws attention to this nature of unfolding and 'unspecified ends' (see Sarasvathy, 2001). As the project develops it can take on an explicit form, it is codified (e.g. in the form of a business plan or strategy), and it can assume 'a life of its own.' Archer's focus on the 'end that is desired' embraces a continuum from a fuzzy perception of unclear outcomes, including those more associated with feelings and stances towards risk-taking (e.g. 'taking a leap into the dark'), through to clear plans for new products and services, new ventures, and profitable opportunities. The aspiring young athlete's dream of Olympic gold constitutes the formation of an agential project. As we have

² All ideas are cognitive and therefore have their origins in individuals. However, we also want to recognise the importance of the iterative and social nature of idea generation (creativity) such that it is not often clear (including to those involved), whose idea is actually being taken forward.

seen, however, there is an important distinction between keeping the dream alive and undertaking the sort of project where realising this opportunity becomes possible.

Agential projects in general, have some key features, related to structural and cultural conditions (especially those relevant to entrepreneurship). In seeking to better understand the entrepreneurial project, as opposed to projects in general, we can also draw on the project management literature, which since the mid 1990's has developed links with concepts from related disciplinary interests including strategic management, transaction cost economics and innovation theories (Frederiksen and Davies, 2008: 489). There are many different definitions of the 'project' (see Artto and Wikstrom, 2005; Engwall, 1998) but some generally agreed features include: a focus on non-routine, complex tasks; the pursuit of pre-defined goals within a precise budget (Lundin and Soderholm, 1995); the establishment of temporary organisational forms; and encounters with both internal (operational) and external (environmental) uncertainty (Frederiksen and Davies, 2008:492; Kreiner, 1995).

Within the field of entrepreneurship studies, interest in projects has been largely confined to the study of corporate entrepreneurship (see Kuratko et al, 2005; Shepherd and Kuratko, 2009), where firms use projects to 'identify and test opportunities' (Frederiksen and Davies, 2008:492). The organisational form of the project is considered optimal for exploring any direction that moves away from a firm's current technology and market (Von Hippel, 1977:164). Entrepreneurial (Frederiksen and Davies, 2008) projects are therefore generally regarded as things that firms do, rather than being considered as integral to an understanding of the actions of entrepreneurs themselves. Casson and Wadeson's (2007) work on the economic theory of the entrepreneur is a notable exception to this. They treat the opportunity as a 'potentially profitable but hitherto unexploited project' and state that an opportunity is 'essentially a project that would prove beneficial, if it were exploited' (Casson and Wadeson, 2007: 285). Their approach categorises two types of mistake that the entrepreneur can make in pursuing a project, namely 'missing a profitable opportunity and exploiting an unprofitable opportunity' (Casson and Wadeson, 2007:287). The authors define 'good' projects as those that give rise to 'true opportunities' (i.e. profitable projects), whilst 'bad' projects are those that give rise to 'false opportunities' (i.e. unprofitable projects).

An alternative position would maintain that *all* entrepreneurial opportunities (by definition) have the potential to produce profits – this is, in part, what such opportunities are for, after all. The 'false opportunity' would therefore be a non-opportunity in the context of entrepreneurship (see Ramoglou and Tsang, 2016) for an alternative conception of the 'non-opportunity'). But this begs the question for applied theory, what must be in place for an entrepreneur to consider whether an entrepreneurial opportunity is true or false and likewise, worth exploiting? Answering this question, given current conflicting explanations of entrepreneurial opportunities, is not straightforward but it is in such conflicting theoretical domains that, ironically, philosophy (as one of the most abstract humanities disciplines) can have direct benefits for applied theory. Through the use of philosophical abstraction, i.e. dialectical reasoning from generally

agreed upon premises, the conditions necessary for exploitation can be identified for use in applied theory. Once identified, this can form the basis of an applied assessment tool for any particular opportunity. Achieving this requires a process of abstraction (from current theory) to make explicit the premises that all agree are involved in opportunity development (over and above its potential to produce profits). The end result should be the conditions all theorists agree upon as necessary for an entrepreneurial project to be possible. In other words, the basis for an applied theory of opportunity readiness.

Applied opportunity evaluation

Despite the different vantage points taken by theorists, there is considerable overlap in how theory treats the implicit conditions necessary for the realisation of an entrepreneurial opportunity (see Eckhardt and Shane, 2003; Shane and Venkataraman, 2000; Venkataraman, 1997). We suggest, along similar lines to Davidsson (2003), that differences in perspective largely betray areas of emphasis and interest, rather than constituting widely different ontological beliefs about entrepreneurship per se. Those emphasising *exogenous* conditions have highlighted market conditions, resource recombination, innovation and value creation and appropriation, amongst others.³ Those emphasising the *endogenous* conditions have highlighted features associated with the individual entrepreneur as being important, including their prior knowledge, creativity, risk-taking, motivation and propensity for action. Despite the general agreement as to what entrepreneurship entails, theory has not yet gone as far as to suggest that entrepreneurial opportunities require *specific* conditions to be in place in order to exist. However, doing so can provide the basis from which evaluations of opportunities, before they are acted upon, can be made.

Given the diversity of approaches, theoretical positions and empirical contexts, discussion of anything in terms of just a handful of conditions is prone to the accusation of being reductionist; this is not our intention here. There is also a need to avoid conflationary theorising – whether reducing entrepreneurship to discussion of the individual alone, or reifying the opportunity in some way. However, in common with scientific enquiry within applied settings, there is value in using philosophical abstraction (see Lawson, 1997) in order to be able to put forward, as a first step, some generalisable and universal features of the object of study. In this vein and following previous work exploring human flourishing within the context of entrepreneurship (Wilson and Martin, 2015), we propose that it is possible to identify a set of conditions that could prove useful when entrepreneurs evaluate potential entrepreneurial opportunities and we draw on that human development approach to explore those conditions here.

Though different schools of thought have chosen to focus on distinctive ends (e.g. Schumpeter (1934) on resource recombination and innovation; Kirzner (1973) on

³ Some of these features are written into the definition of the opportunity itself. Most existing definitions of opportunities (reflecting their heritage in economic theories), contain the final outcome of their actualisation – understood in terms of profitability, innovation, the creation of future goods and services etc.

market process and opportunity alertness; Gartner (1988) on new venture/organisation creation), there is a broad consensus that entrepreneurship involves the production of innovative new products, services and, in some cases, processes (the development of new organisations *per se*, being a contingent outcome). *Innovation* is therefore a complex systemic-level emergent property and post-hoc outcome of realising the entrepreneurial opportunity. The question for entrepreneurs is what conditions need to be in place to make such innovation possible. To the extent that entrepreneurship gives rise to innovation outcomes, then successful entrepreneurship requires the *re-combination of resources* (see Foss and Ishikawa, 2006; Holmquist, 2003; Lachmann, 1956; Nelson and Winter, 1982; Schumpeter, 1934; Wilson and Martin, 2015). Success also requires value production (being able to produce and appropriate more value than was expended in the course of the new product or service's production).⁴ Finally, success also requires the ability to *exchange goods or services* in a market (Wilson and Martin, 2015).

Recombining resources, exchanging goods and appropriating value are universally agreed features of entrepreneurial behaviour and are directly associated with the existence of an opportunity. This gives applied theory three general conditions that can be assessed at the outset of an entrepreneurial project, influencing decisions to proceed. Either an entrepreneur can continue to work towards developing the necessary conditions to begin exploiting the opportunity (networking for access to resources, attempting to find cheaper resources, developing exchange networks and partnerships), or they might choose to seek another opportunity. In entrepreneurship, a fantastic idea for a potentially novel product is not an opportunity unless there is also the possibility for accessing or combining the required resources, exchanging the product (on the market) and making a profit. A key challenge is to establish the link between these abstract conditions and the possibility they can be met (or overcome – for example in the case of seeking to trade in a society with a restricted market structure). Attention can also be cast on the many structural and cultural conditions which enable and constrain the production of innovation outcomes, including issues such as path dependency, technological trajectory, national systems of innovation, lock-in and so forth (see Tidd and Bessant, 2009 for overview).

For the social realist, social phenomena are explained in terms of the inter-relationship between existing social structures and the mediating role of human agency. As Archer (2003) emphasises, individuals are reflexive human beings who act strategically (i.e. make decisions to act or not to act based on their prior knowledge, intentions, creativity, and so forth). Therefore, applied entrepreneurship theory also needs to set out evaluative conditions that are *endogenous* to the entrepreneur (i.e. relating to the particular individuals involved). Wilson and Martin (2015) identified three such conditions that can also prove useful to applied theories of entrepreneurship. Novel and useful ideas are deemed the 'lifeblood of entrepreneurship' (Ward, 2004:174) and *creativity* has been described as the 'soul of entrepreneurship' (Morris and Kuratko,

⁴ This conceptualisation of 'value' does not denote solely the economic value created by the for-profit business. Entrepreneurship may be associated with other forms of value e.g. political, educational, cultural, aesthetic, providing this is within the context of (market) exchange.

2002:104) because it is required to spot the patterns and trends that define the opportunity. According to Sternberg and Lubart (1999), entrepreneurship is a form of creativity and can be labelled as business or entrepreneurial creativity because often new businesses are original and useful (Lee et al., 2004; see also Stokes and Wilson, 2010). Alvarez and Barney (2007), also argue that opportunities are neither discovered nor created but 'imagined'. Subsequently, to the extent that entrepreneurship gives rise to innovation outcomes of some kind, this ability to be creative is a ubiquitous requirement of entrepreneurship and therefore an important evaluation criteria for potential entrepreneurs.

A second condition relates to what Archer (2003) identifies as human *reflexivity*. This is regarded as an important condition for the development of projects per se and so an assessment of individual reflexivity will also be important for decisions to pursue an entrepreneurial project. The ability to take informed strategic choices, make decisions and apply judgment based on access to information is a feature of the entrepreneurship field that has received much attention (see Busenits, 1999; Casson, 1982; Knight, 1921; Mises, 1949; Tang et al., 2010; Wadeson, 2006). Prior knowledge and recognising differential and asymmetric access to information is also a key condition worthy of assessing prior to subsequent entrepreneurial activity (Corbett, 2007; Kirzner, 1973; Schumpeter, 1934; Ucbasaran et al., 2009; Vaghely and Julien, 2010). Indeed, a key assessment of opportunity readiness related to reflexivity might include whether or not the entrepreneurial team have the requisite power and legitimacy (see Stinchcombe, 1965 on the 'liability of newness') to take appropriate decisions within a given context.

A third condition Wilson and Martin (2015) identified is *performativity*. As McMullen and Shepherd observe 'Entrepreneurship requires action' (2006:132), hence the focus in entrepreneurship education on 'learning by doing' (see Gibb, 2005). A key issue of opportunity readiness relating to this condition is whether or not the individuals concerned have the necessary ability to practice within the context they work. Medical science teaches us there is a difference between understanding what needs to be done (in surgery, for example) and having the performative skills to do so. This condition requires an assessment of the practical skills, behaviours and attributes of those involved within the particular context in question, as well as the countervailing conditions that prevent these human capacities from being realised.

Opportunity readiness and the entrepreneurial project

Having identified conditions that can be used to explore the readiness of any particular opportunity for exploitation (albeit, we acknowledge, at a relatively high level of abstraction), we can now explore what this means for understanding the entrepreneurial project in practice. Prior to (and during), any entrepreneurial project being undertaken, the entrepreneur (or any other stakeholder with access to relevant knowledge), can make an assessment over whether the six conditions outlined are fulfilled. To explain why this is significant, we can refer to the relationship between the entrepreneurial project and the entrepreneurial opportunity, as graphically presented in Figure 1. This suggests that entrepreneurial opportunities that have these conditions

met are a sub-set of a wider (and unknowable) set of ‘possible’ opportunities taken up by individuals. In cases where the six conditions outlined have been met, the decision to proceed with developing an opportunity can be made, as the chances of it being realised would be increased. The aim of the entrepreneurial project is thus to realise *these* opportunities.

<Insert Figure 1 about here>

Returning to the athlete whose ‘desired end’ is Olympic gold, we can distinguish between their ‘possible’ agential project, which involves the dream, belief, and some level of active training, and the ‘actual’ project to realise the opportunity. As we have seen, this is not just about bringing the goal of winning at the Olympics to a conscious level, but also depends on certain conditions being met (such as being entered for the games). In the context of entrepreneurship, Dimov has referred to this whole process of ‘shaping, discussion, and interpretation’ as ‘opportunity development’ (Dimov, 2007:714; see also Ramoglou and Tsang, 2016 on the ‘propensity’ mode of existence of entrepreneurial opportunities). Applied entrepreneurship theory can build on these ideas to suggest that the opportunity development process will involve decision making that progresses from possible – to actual – to realised opportunities⁵. This means applied theory would also need to identify whether there are in fact distinctive and analytically separable stages of entrepreneurial practice (beginning with investigative or exploratory and moving through to confirmatory and developmental activities). In addition, given the overall similarities here with stage-models of the creative process, and with creative problem solving (CPS) models in particular (see Puccio et al., 2007)), development of applied theory may find such stage based models of entrepreneurship useful for applied settings.

Applied theory tends to offer the practitioner a set of actions, drawn from theory, that should increase the chances of successful outcomes. In this case, the assessment of antecedent conditions might involve asking questions of the type ‘am I in a position to be able to... (e.g. recombine resources; proceed with market exchange; appropriate value)’?; or ‘do I (or my team) have the necessary... (e.g. creativity; reflexivity; intentionality; performativity) to develop this entrepreneurial project successfully?’ A lack of a coherent body of applied entrepreneurship theory is perhaps a surprising absence within entrepreneurship theory, as is the current lack of empirical work exploring the most beneficial diagnostic approaches to opportunity development.

Taking the possibility of recombining resources as an example, there is broad scope for assessing all sorts of aspects related to accessing and managing resources (information, human, social and financial, equipment, social networks etc.). The ‘serious’ practical contribution applied entrepreneurship theory can make should enable, in some way, a reduction in the complexity facing the would-be entrepreneur. In practice, nascent and experienced entrepreneurs often begin what they believe to be an

⁵ Dimov’s (2007:719) ‘potential’, ‘nascent’, and ‘emerged’ entrepreneurs can usefully be mapped directly on to this progression.

entrepreneurial endeavour based on an idea about a possible opportunity (i.e. in the widest pool of opportunities in Figure 1). Applied theory should be able to guide them, in the course of enacting the endeavour, to make decisions as to whether this is more or less likely to be a mistaken activity. In Casson and Wadeson's terms, do they have a 'bad' entrepreneurial project? Those involved in developing entrepreneurial projects can be encouraged to focus on a limited set of key issues that will help them evaluate action, or stop early in the case where the conditions for such an opportunity do not (or cannot) exist.

Whilst entrepreneurial projects can start out as no more than hunches, there is value for theorists and philosophers to change focus from developing and perfecting pure theory, to assisting in the development of applied theory. The rigorous assessment of the conditions involved in embarking on an entrepreneurial project is not only useful to entrepreneurs but can help guide theory development through identifying theory/practice inconsistencies. What we have offered here is a very modest first step towards such an applied theory of opportunity readiness, achieved through philosophical abstraction. Over and above an assessment of these generalised conditions for the realisation of an entrepreneurial opportunity, there would need to be a more detailed domain-level assessment that can provide support for any specific entrepreneurial project undertaken. In principle, this would involve analysis of how each of the conditions outlined might be further understood and elaborated upon within the context of particular industry, national and regional, political and economic, technological and socio-cultural contexts. In turn, this would also provide new learning and understanding that could inform theory, benefitting entrepreneurs more generally.

Summary and conclusions

'Serious' realist philosophy has the potential to inform applied entrepreneurship. In this chapter we have introduced an argument that upholds this assertion, with particular regard to the philosophy of critical realism. Thus far, critical realism (and other forms of realist theory) has tended to be discussed somewhat removed from the pragmatic interests of 'real' entrepreneurs. But this does not have to be so. Indeed, our argument is that critical realism is a serious philosophical approach that can come to the aid of the entrepreneur, in this case, through providing the background structure for informed decisions concerning developing entrepreneurial projects and the implications for the type of entrepreneurial project required to bring about entrepreneurship. We argue, an actual entrepreneurial opportunity is only worth pursuing in a situation where there is the possibility of the following conditions being in place: the possibility of (market) exchange, recombining resources, appropriating value; developing creative potential, appropriate reflexivity and sufficient performative skills. Whilst acknowledging these conditions remain at a relatively high level of abstraction, they nonetheless offer a means of facing the complexity that inevitably faces the entrepreneur, through providing the basis for an assessment of opportunity readiness.

In the course of the chapter we have also introduced the entrepreneurial project as the 'nexus' where entrepreneurial opportunities are realised. Though the relevance of en-

entrepreneurial projects has been implicit in much of the literature, especially that focusing on opportunity development (Dimov, 2007) and entrepreneurial action (McMullan and Shepherd, 2006), explicitly recognising the project's role as the nexus between opportunities in potential (or in 'propensity' – see Ramoglou and Tsang, 2016) and those that are fully exploited means project management techniques can begin to inform applied entrepreneurship theory. Whilst applied theory cannot be epistemologically certain, it is possible to say something meaningful and with foresight about decisions concerning the development of entrepreneurial opportunities. Developing such an *ex ante* opportunity readiness assessment tool, to promote better entrepreneurial project outcomes, is therefore an important goal. Likewise, such a tool can simultaneously inform philosophical development. Serious philosophy has to pass the theory-practice test, if our practice is inconsistent with theory, then identifying such contradictions directly informs theoretical development.

In drawing on realist philosophy to expose the promise of opportunity readiness, we hope to encourage future progress towards two related outcomes, each of which will require further research. First, a greater awareness and understanding of the entrepreneurial opportunity as the potential for entrepreneurship, requiring (market) exchange, recombination of resources, value appropriation, creativity, reflexivity and performativity. This heralds a timely re-appraisal of the somewhat paradoxical situation whereby entrepreneurial opportunities are regarded as central to entrepreneurship and yet are easily side-stepped and viewed as being of little more than metaphoric or heuristic value. The polarisation of arguments about the objectivist versus subjectivist nature of the entrepreneurial opportunity might also represent less of a hurdle for applied theory development.

Second, we have demonstrated the potential for serious realist philosophy in the domain of entrepreneurship; in this case, putting understanding of opportunity readiness to applied use. This brings applied entrepreneurship theory in line with other social sciences, whereby practical relevance determines the value of applied theory. Whilst the purpose of both philosophy and science should always be an earnest attempt at arriving at sustainable explanations of the (social) world, this need not be done at the expense of applied theoretical development. Keeping this firmly in mind, and recalling critical realism's commitment to emancipatory concerns, we conclude by highlighting that if the conditions necessary for an opportunity to be exploited can be identified, it becomes possible to assess who does *not* have access to the benefits of entrepreneurship, as well as those that do. Identifying who lacks opportunity ought to be something we get serious about, and critical realist philosophy can guide us in just this respect.

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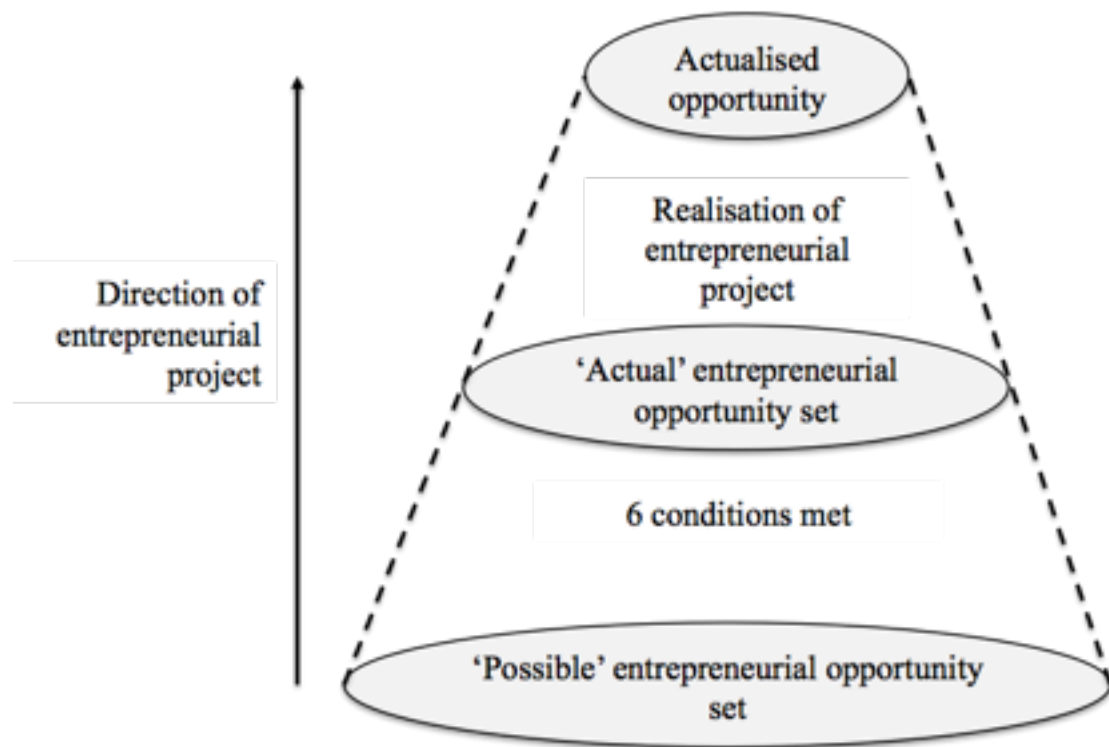


Figure 1: The relationship between entrepreneurial project and entrepreneurial opportunity