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2001, Vol. 26, No. 1, 8–20.

DIALOGUE

Entrepreneurship As a Field of Research: Encouraging Dialogue and Debate

We read with great interest Shane and Venkataraman's "The Promise of Entrepreneurship As a Field of Research" (January 2000). Clearly, the authors discuss an important and timely, but controversial, topic. With the ever-growing interest in the study of entrepreneurship, there is a need for a framework that defines the domain of the field, its building blocks, and variables of interest. While Shane and Venkataraman do not offer such an integrative framework per se, they provide a well-articulated basis for differentiating the entrepreneurship fields from other social sciences, especially strategic management. We commend the authors for this important contribution, which, we believe, moves the field of entrepreneurship forward. The potential impact of their contribution, however, motivates us to write this, with the hope that we stimulate further dialogue and debate. Toward this end, we highlight five issues here.

First, Shane and Venkataraman observe that entrepreneurship "has become a broad label under which a hodgepodge of research is housed" (2000: 217). We share the authors' concern about the lack of a unifying framework that distinguishes entrepreneurship from strategic management. However, we do not see the benefits of this separation, which we believe would impoverish future research. Despite some claims to the contrary (Meyer, 1991), the field of strategic management draws on many social science disciplines (Barney, 1990; Jemison, 1981) and continues to derive its strength from its eclectic nature. This provides richer opportunities for empirical research, as well as enhances the development of both descriptive and normative theory.

Second, we believe that the authors present a rather "weak strawman" by suggesting that *unlike* strategic management, "a performance advantage over other firms is not a sufficient measure of entrepreneurial performance, because a performance advantage may be insufficient to compensate for the opportunity cost of other alternatives, a liquidity premium for time and capital, and a premium for uncertainty bearing" (2000: 217). Like entrepreneurship, strategic management is also concerned with "the exploitation of profitable opportunities" (2000: 217). And an underlying premise of the Austrian school in strategic management (Jacobson, 1992; Schumpeter, 1934) is the temporary nature of advantages. Thus, the recognition of performance advantages may be necessary but not sufficient. To analyze the external environment, strategic management scholars have used such traditional techniques as SWOT analysis and five forces analysis to identify environmental threats and opportunities, as well as to assess industry attractiveness, respectively. In addition to the concepts of risk and uncertainty that are inherent in analyzing strategy, the recent integration of the real options literature by strategy scholars explicitly shows recognition of the opportunity costs and uncertainty wherein firms can derive an economic value by investing incrementally and delaying a full investment commitment until more information about the decision is known (Dixit & Pindyck, 1994). Clearly, concepts such as opportunity recognition, as well as premiums for time, capital, and uncertainty, apply to entrepreneurship—if we restrict the field to new venture creation (Vesper, 1985). We would be hard pressed to argue that such concepts do not apply to larger existing organizations, regardless of their level of innovative, value-creating activities.

Third, Shane and Venkataraman highlight three areas in their proposed definition of entrepreneurship, focusing on (1) the identification of entrepreneurial opportunities; (2) who, when, and by whom they are discovered; and (3) how these opportunities are exploited. We think a fourth dimension should be added to this list: the "outcomes" of exploiting entrepreneurial opportunities. Many entrepreneurial efforts succeed and lead, in turn, to the formation of new ventures and wealth creation for both the entrepreneurs and investors. More typically, of course, ventures fail. However, as suggested by McGrath (1999) in her innovative perspective on "entrepreneurial failure," many of the intangible resources associated with new ventures may lend themselves readily to new resource combinations (Kogut & Zander, 1992), thus lessening the risk of irreversible commitments. For example, entrepreneurs (or intrapreneurs) who develop knowledge and skills that can be readily redeployed in other ventures can more safely enter into new markets, products, or technologies. Similarly, consistent with the real options literature, entrepreneurs (or firms) can use new ventures as "platforms" for future investments (Grenadier & Weiss, 1997). Entrepreneurs (or firms) can invest in developing their human, social, and intellectual capital without having a tangible payoff in the near term. Thus, a definition of entrepreneurship as a field of scholarly inquiry should recognize the outcomes of this process, whether these outcomes are positive or negative, immediate or long term, or tangible or intangible.

Fourth, the authors offer three compelling reasons for studying entrepreneurship (2000: 219). Drawing on our arguments above, a fourth reason for studying entrepreneurship is the development of human capital and the enhancement of intellectual capital. If entrepreneurship as a discipline centers on developing and exploiting opportunities, we need to know to what extent this contributes to the development and growth of individuals who take part in this process—what this does in terms of their future abilities to locate and pursue opportunities overlooked by others. Entrepreneurship researchers have begun to systematically examine the nature of opportunity recognition. They have also explored the effect of human capital on the success and failure of young companies. Still, greater attention is needed to document the impact of entrepreneurial processes on the development of human and intellectual capital. It is not a coincidence that countries and companies that promote entrepreneurial activities are also among the most proactive in developing and nurturing their human capital (Fukuyama, 1995). Of course, the relationship between entrepreneurship and human and intellectual capital is dynamic, with each affecting the other over time. Therefore, entrepreneurship scholars can inform us about a major source of differences between countries and companies—that is, their ability to create and inculcate new knowledge that fosters the development of future entrepreneurial opportunities in turn.

Fifth, in summarizing the differences between their framework on existing writings in the field, Shane and Venkataraman emphasize the "influence of individuals and opportunities, rather than environmental antecedents and consequences" (2000: 219). This puzzles us, given the recognition of environmental forces as important antecedents to entrepreneurial activities. Entrepreneurs undertake resource recombination in response to changes in the external environment, creating new forms (Rumelt, 1987). Established companies also support and foster entrepreneurial activities in response to environmental changes (Kanter, 1988). Recognizing the environmental forces can improve future theory building and testing of the effect of different entrepreneurial activities on value creation in new firms and established organizations (Stevenson & Jarillo, 1990). Understanding such moderating effects can also help to contextualize the results of future empirical studies, improving prescriptive theory.

Fundamentally, separating strategic management from entrepreneurship does not resolve the identity crisis Shane and Venkataraman believe plagues entrepreneurship research. Conversely, opportunities abound for integrating and synthesizing the best of strategic management and entrepreneurship (Hitt & Ireland, 2000). Organizational behavior, macro-organizational theory, and human resource management have also benefited from adopting and maintaining an eclectic view of their domains and theory, and economics has gained renewed vigor as well by the introduction of theories and research questions from other disciplines. Integration, not separation, is the key to more fruitful research into entrepreneurship. Thus, while we agree with the call for delineating the domain of entrepreneurship as a field, we are concerned about attempts to separate it from other business disciplines, such as strategic management.

That said, we join Shane and Venkataraman in sharing the concerns expressed by scholars from other social sciences about the value added of entrepreneurship research. Current entrepreneurship research is indeed "a coat of many colors," but this stems only partly from a lack of an organizing framework. There is clearly a need for improving theory building, enhancing rigor in invoking and applying established theories, and directing greater attention to design and methods. The youth of the field and the lack of an accepted framework should not relieve researchers from conducting rigorous, innovative, and theoretically grounded research. Editors and reviewers share a responsibility with authors in ensuring that this does not happen. The entry of scholars from other disciplines into the field of entrepreneurship can enrich the quality of future research. Erecting barriers to entry can only stifle innovative thinking and the development of the field of entrepreneurship (Barney, 1990).

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A Comment on Developing the Field of Entrepreneurship Through the Study of Opportunity Recognition and Exploitation

As Shane and Venkataraman (2000) point out, entrepreneurship research has been criticized in the past as having breadth but little depth. In much of the extant research, scholars have drawn from theories and frameworks from other fields, such as economics, psychology, marketing, and strategy; however, without clear boundaries and/or unique variables, entrepreneurship cannot develop into a *separate* field. Shane and Venkataraman (2000) go on to make a compelling argument that entrepreneurial opportunity recognition and exploitation are constructs that fall squarely within the unique domain of entrepreneurship and should be the focus of research in the field. While I agree with the thrust of the paper, I continue to ponder a critical question: What are entrepreneurial opportunities?

The authors use Casson's (1982) definition of entrepreneurial opportunities as "those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production" (2000: 220). By definition, this requires that entrepreneurial opportunities generate profit. This puts researchers in a precarious position when examining the most lucrative entrepreneurial opportunities in the marketplace today: internet startups. Many of these businesses turn their founders into millionaires while losing significant amounts of money. For those firms that never turn a profit, if we are to use the above definition, we must assume that no opportunity existed for the founding entrepreneurs.

Definitions of entrepreneurial opportunities within the literature should be scrutinized. For example, Timmons argues that an opportunity "has the qualities of being attractive, durable, and timely and is anchored in a product or ser-