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How does prior knowledge affect entrepreneurs' identification of green business opportunities through the theory of planned behaviour?

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Executive PhD

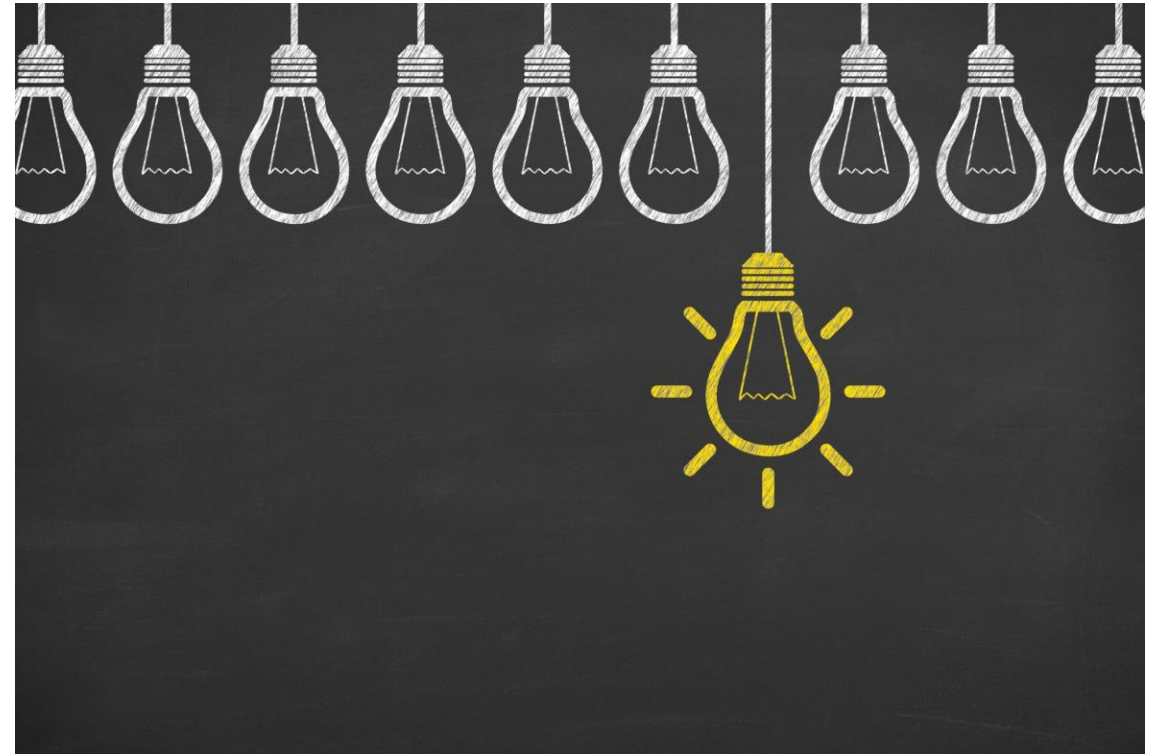


Introduction

- "Only One Earth" World Environment Day 2022 tagline
- Multiple governments and big organisations are pushing for green.
- 95% of the businesses in the world belong to MSMEs(WTO)
- Only logical to look into the issue of sustainability with MSMEs. Without MSMEs and their Entrepreneurs, it would be challenging for the UN's target of achieving "Net Zero" by 2050

Types of entrepreneurs(In my opinion)

- Existing entrepreneurs who are content with what they have.
- Entrepreneurs who are constantly trying to discover new opportunities
 - Those that managed to discover and exploit new opportunities
 - Those that do not
- *Entrepreneurs never rest(Comment from my supervisor, and my opinion)*

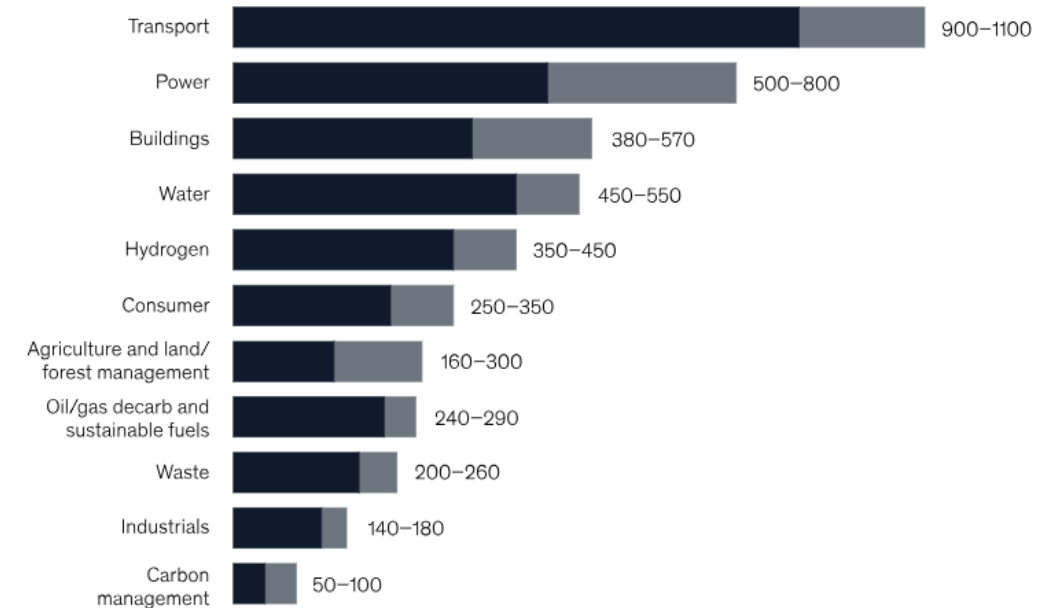


Potential Value in Asia

- 4 – 5 Trillion USD Potential value of the market for green economy in Asia by 2030
- Huge opportunities for businesses and entrepreneurs
- Asia has 60% of population and much of GHG emissions

Asia's sustainability landscape has an expected addressable market size of \$4 trillion to \$5 trillion across 11 broad sectors.

Addressable market, \$ billion



¹As of August 2022.

²Includes private equity, venture capital, M&A, IPO, and secondary transactions.

Source: Pitchbook; McKinsey team analysis

McKinsey
& Company

Research Issue

- This research builds on existing academic literature on entrepreneur opportunity identification, especially in the areas of prior knowledge by Shane (2000) and the opportunity identification theory by Ardichvili et al. (2003).
- The main objection of this research is to establish whether prior knowledge in green and sustainability-related knowledge directly impacts entrepreneurs' ability to identify green opportunities. (Hanohov & Baldacchino, 2017 ; Patzelt & Shepherd, 2011)

Literature and Theoretical Foundation

Research Gaps

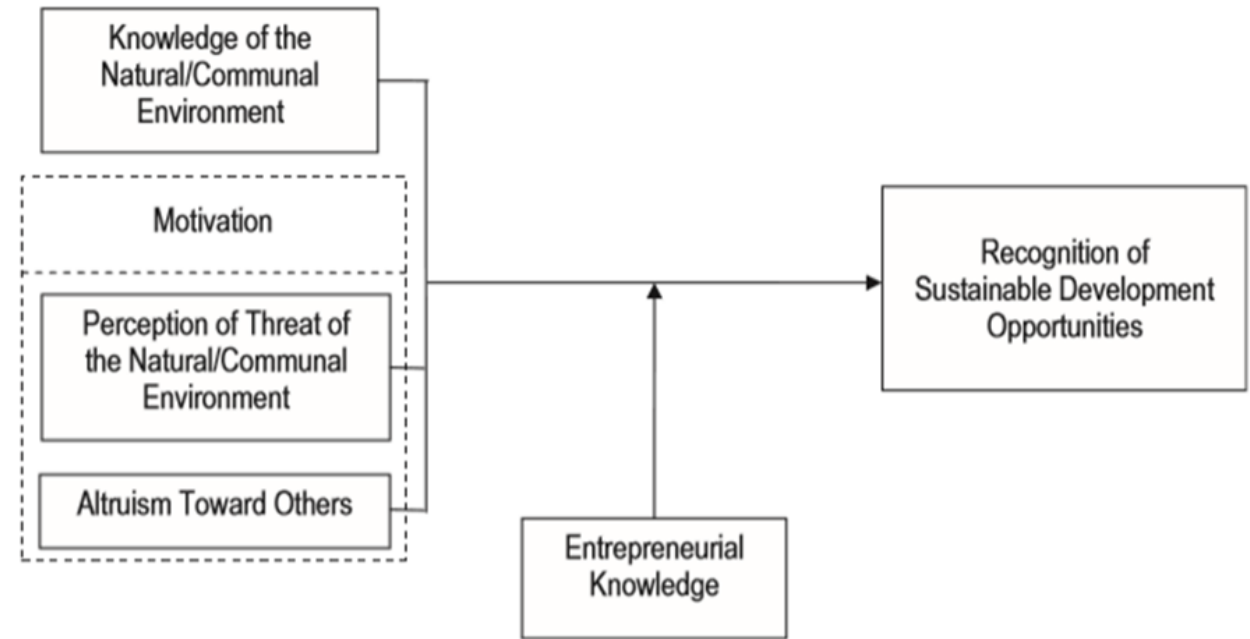
- Existing research on opportunities discovery for entrepreneurs might not apply to identifying a specific type of business opportunity, such as the green economy and new areas of sustainable development. Therefore, this research would be of interest to current and future researchers in the application of opportunities identification in the fields of sustainable business development.
- Literature in this area is scarce and largely conceptual in nature, consisting mainly of propositions which are yet to be empirically tested e.g. Cohen and Winn, (2007); Patzelt and Shepherd, (2011), with a few exceptions.

Entrepreneur

- The word “entrepreneur” originates from a thirteenth-century French verb, *entreprendre*, meaning “to do something” or “to undertake.”
- The Cambridge Dictionary: “someone who starts their own business, especially when this involves seeing a **new opportunity**. “
- Kirzner(1973) Entrepreneurship as a societal phenomenon, including **outcome** criterion.
- Lack of well-accepted definition of research boundaries. Fundamental difference between an entrepreneur and what an entrepreneur does (Venkataraman, 1997)

Sustainability entrepreneurship

- Sustainable entrepreneurship is “the discovery, creation, and exploitation of opportunities to create future goods and services that sustain the natural and/or communal environment and provide development gain for others” (Patzelt & Shepherd, 2011)
- Recognition of sustainable opportunities is influenced by four elements (According to the model on the left)



Knightian Uncertain in Entrepreneurship Research

- Knightian(1921) uncertainty, also known as “**unknowable unknowns**”
- Entrepreneurship research **differs** from other business research topics like finance, risk management, strategic management, risk analysis, and others, which all have a degree of certainty or can be managed using modern risk management methods.
- Such uncertainty in entrepreneurial activities brings us to the concept of **opportunity**.



Opportunities and Entrepreneur – Definition

- “An opportunity is an idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative.” (Short et al., 2010)
- In general, opportunities arise from changes in the environment in which an individual operates. Mary George et al., (2016) These changes create a disequilibrium which an individual can exploit. Cohen & Winn, (2007)



Discovery and Creation in Opportunities

- Since 2000, there are 2 schools of thought.
- One focuses on opportunities discovery Shane, (2000), Eckhardt & Shane, (2003)
- The other focuses on opportunity creation S. Alvarez & Barney, (2020); Venkataraman, (2019)
- Opportunity recognition should be viewed together with exploitation as part of entrepreneurial action. (Ardichvili et al., 2003)

Central assumptions of discovery and creation theories of entrepreneurial action		
	Discovery Theory	Creation Theory
Nature of Opportunities	Opportunities exist, independent of entrepreneurs, applies a realistic philosophy.	Opportunities do not exist independent of entrepreneurs, applied an evolutionary realist philosophy.
Nature of Entrepreneurs	Differ in some important ways from non-entrepreneurs, ex ante	May or may not differ from non-entrepreneurs, ex ante. Differences may emerge, ex post.
Nature of Decision Making Context	Risky	Uncertain

Exploitation

- Although the **discovery** of an **opportunity** is a necessary condition for entrepreneurship, it is not **sufficient**. A potential entrepreneur must decide to **exploit** the opportunity. Shane and Venkataraman (2000)
- Opportunity exploitation will demonstrate a stronger positive correlation with nascent entrepreneurial behaviours than opportunity recognition.(A Kuckertz, 2017)
- Only a small percentage of opportunities discovery and evaluation process goes into entrepreneurship (Davidsson, 2005)

Prior Knowledge in Opportunities Identification

- Entrepreneurs should look to discover opportunities in what they know.(Scott Shane)
- prior knowledge consists of three origins,:(Ardichvili et al., 2003)
 - Knowledge from activities that are of special interest to the entrepreneur,
 - Professional experiences
 - Formal education of the entrepreneur.

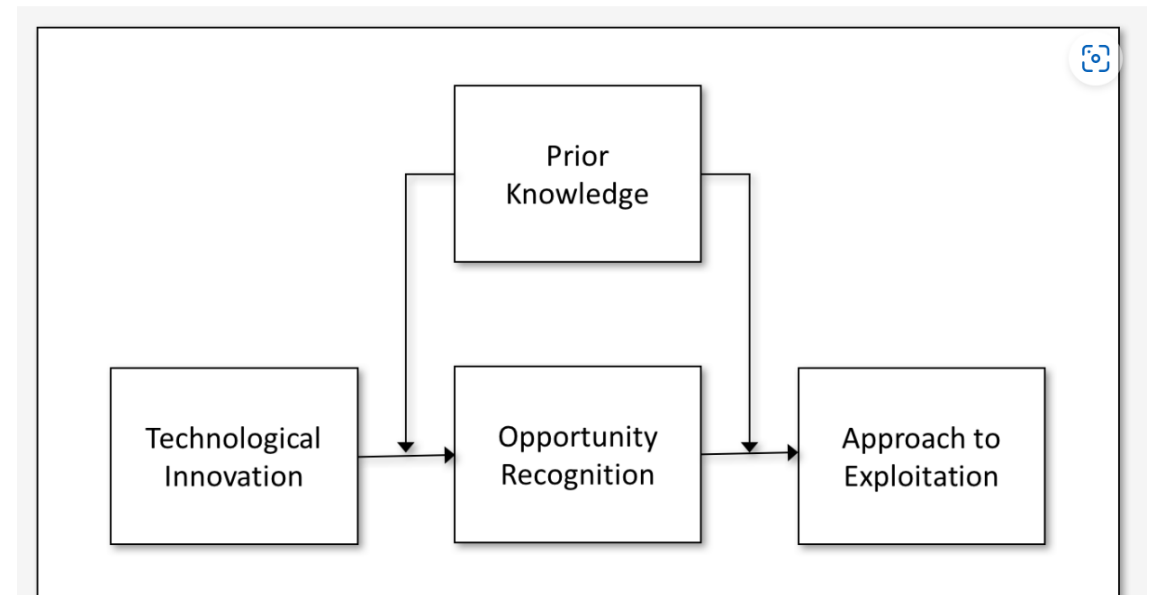
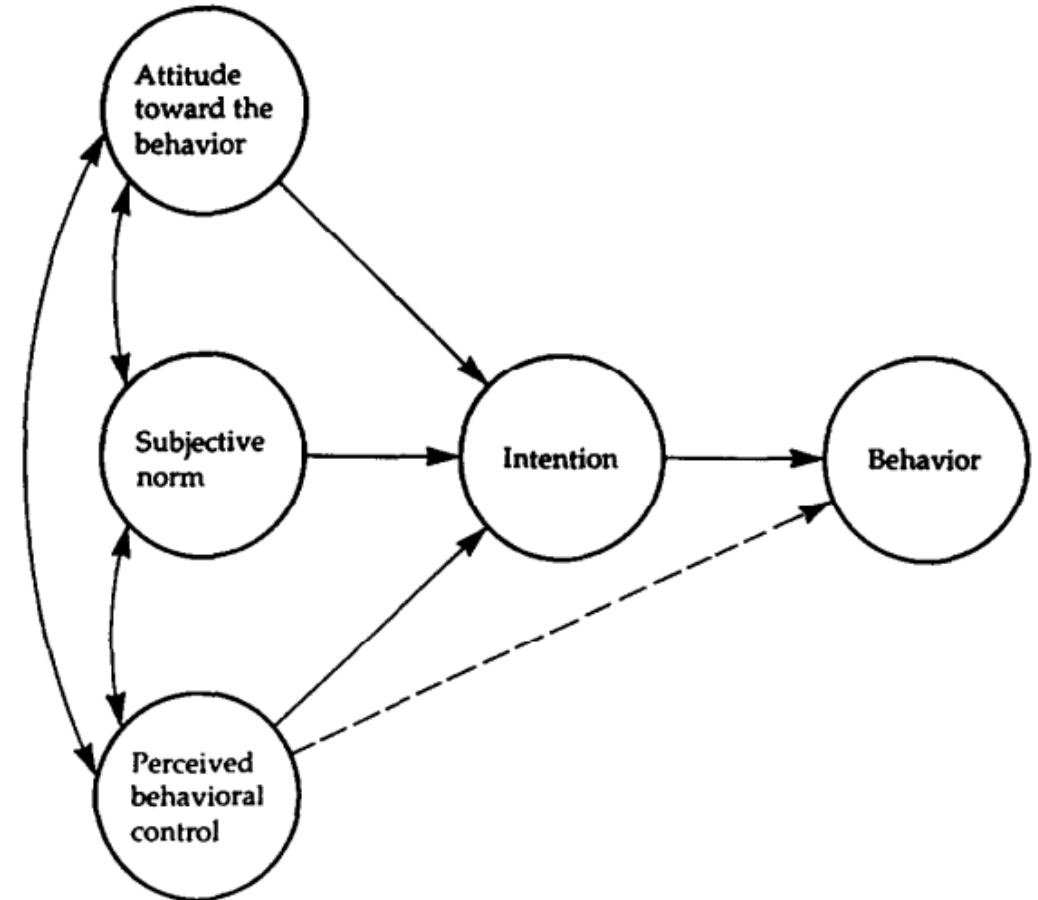


Figure 1. Conceptual model (adapted from Shane 2000).

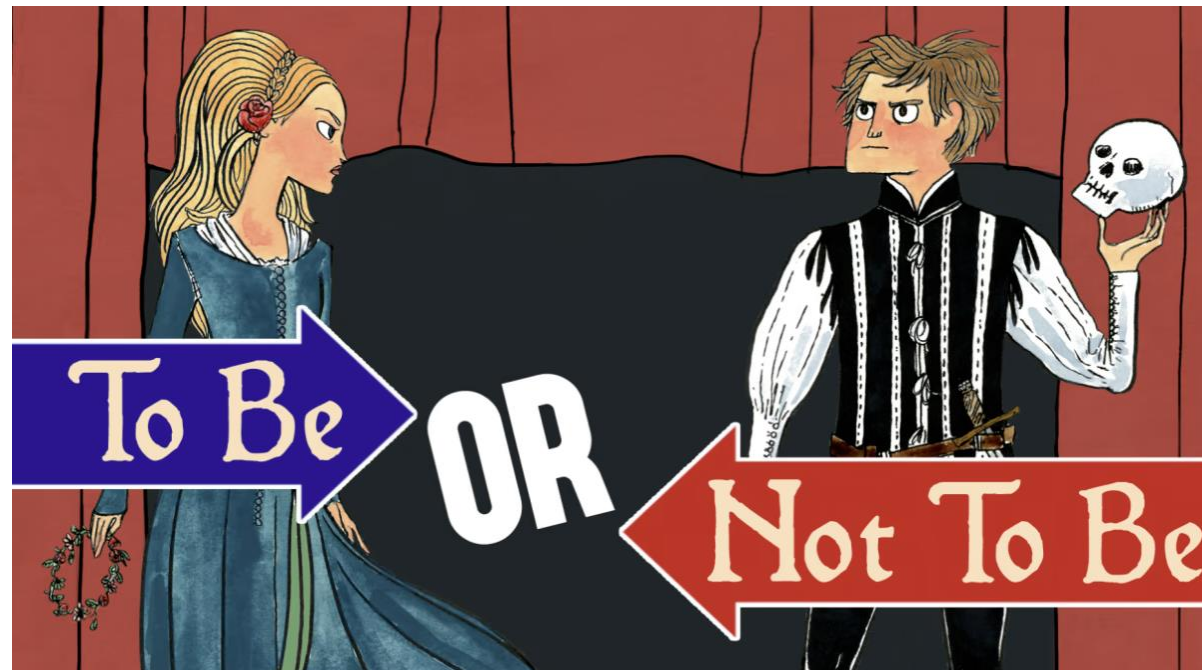
Theory of Planned Behaviour

- The *Theory of Planned Behaviour* is a cognitive theory by (Ajzen, 1991) at the right which proposes that an individual's decision to engage in a specific behaviour can be predicated by their intention to engage in that behaviour.
- The Intention is influenced by the 3 inputs on the right
 - Attitude towards behaviour
 - Subjective norms like beliefs
 - Perceived behavioural control



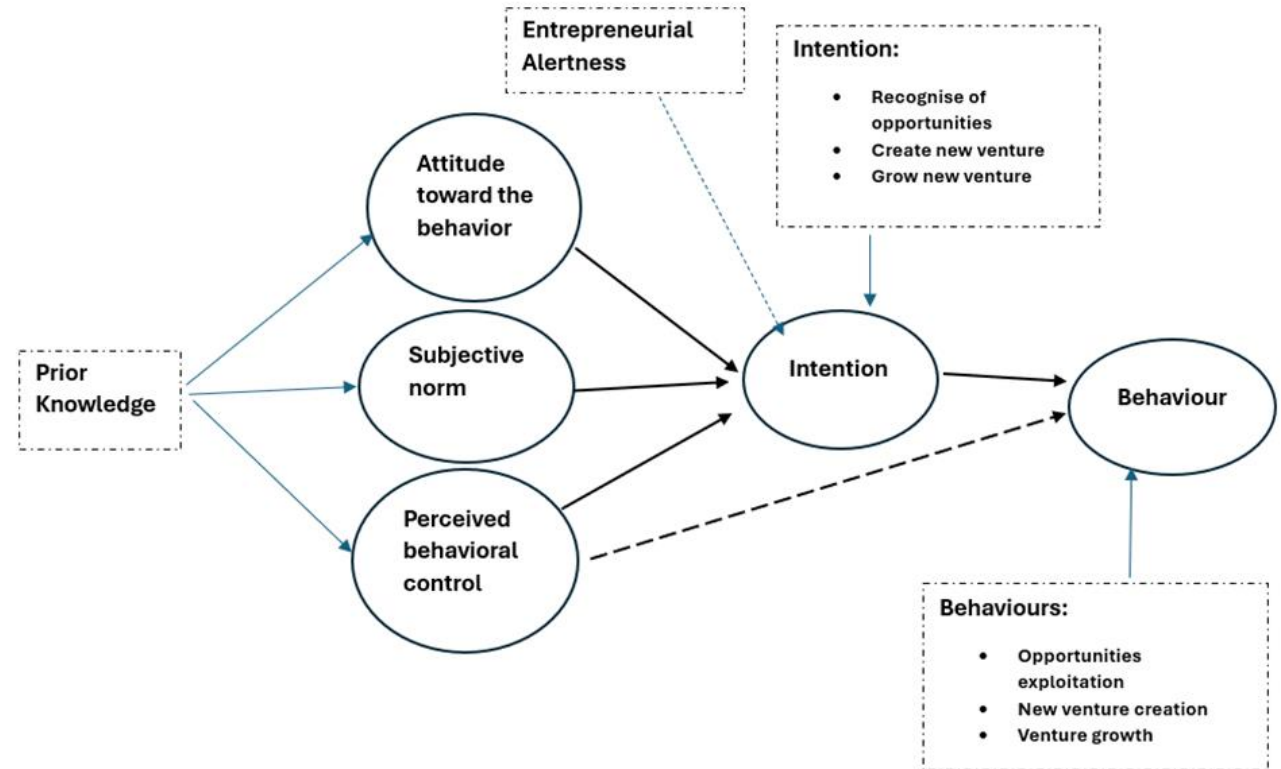
Epistemology

- The research would adopt a **critical realism approach** to understanding the phenomena. (S.A Alvarez & Barney, 2010) to understand how prior knowledge in green and sustainability knowledge affects entrepreneurs' identification of green business opportunities



Proposed Theoretical Framework

- Using the theory of planned behaviour Ajzen, (1991) to understand how the prior knowledge in sustainability-related and green knowledge Patzelt & Shepherd, (2011) contributes to the opportunity's discovery and exploitation under the opportunities identification framework. Ardichvili et al., (2003)



Research Methodology

Research Question

- Primary Research Question: How does prior knowledge affect entrepreneurs' identification of green business opportunities through the theory of planned behaviour?
- Research Aim: To provide valuable insights for encouraging entrepreneurship in the green and sustainability-related space by understanding the impact such knowledge may have on identifying opportunities by entrepreneurs in Asia
- Primary Research Objective: To understand whether entrepreneurs in Asia would be able to identify more opportunities in the green and sustainability-related economy with related prior knowledge.

Proposed Methodology

- To help answer the research questions, a qualitative methodology with a sample size of 40 entrepreneurs based in Vietnam will be conducted.
- A case study whereby participants(entrepreneurs) are provided with certain knowledge of green and sustainability-related information (prior knowledge).
- After this, individual entrepreneurs would be studied to understand whether they are able to identify opportunities related to their field via interviews.

Research Design Justification

- A qualitative approach is selected as it allows a more in-depth understanding of how prior knowledge provided to the subjects in the case study affects their identification of opportunities afterwards.

Thank You

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