Entrepreneurial Opportunities

-Knowledge as an influence.

Bachelor Thesis Business Administration
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Abstract

Entrepreneurial opportunities are found in literature to be discovered, recognized, and created by entrepreneurs. This thesis aims to explore and explain the influences upon entrepreneurs in terms of knowledge, and knowledge sources, in the opportunity identification stage. However, even though it is found in literature that knowledge is a main influencer in the first stage of the entrepreneurial process, the approaches to explain the influences on entrepreneurs for entrepreneurial opportunities are not consistent, which creates confusion about the sources of knowledge that influence entrepreneurs, in combination with the type of knowledge. In order to further explore and explain the area, research is done, and cases are formed by interviewing entrepreneurs from eleven companies. The results from the interviews are then compared, and related back to the literature findings. In the analysis it is found that sources such as work-experience, education, hobbies, and role models help entrepreneurs to gain knowledge in the industry where he or she have started a venture from an opportunity. These sources of knowledge have contributed to market pull knowledge, and it is also found that there is a relationship between prior knowledge and alertness, which has to do with the ability to find useful knowledge.
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I. Introduction

Studying entrepreneurship is valuable, and an important subject area for further research (Shane & Venkataraman, 2000). That is because entrepreneurship contributes positively both to the economy, (Bygrave & Zacharakis, 2008) but also on an individual level. This makes it interesting to study the factors that influence people to start up new ventures. In this thesis, the reader will be introduced to entrepreneurship and the entrepreneurial process. Firstly, a problem will be addressed to inform you as a reader about the potential contribution of the thesis, as well as the main reasons for conducting the research. From the problem, two research questions are formed, and these questions are a guidance throughout the thesis. The goal is to answer the research questions, and depending on the findings of the research, I hope to come as close as possible to do that and to link the results to the problem statement identified.

Entrepreneurship is growing worldwide, and this trend has been present in recent years over the world. Entrepreneurs contribute to the market by giving the economy vitality, and the free enterprise community creates jobs in the market, which Bygrave & Zacharakis (2008) explains by saying that, “the contribution to a nation’s wealth is the ultimate result of entrepreneurship.” Except for being part of creating vitality and jobs in the marketplace, which has opened the eyes of governments, academics and other business people who have become more and more interested in the subject, entrepreneurship also serves another dimension in the society. We already know that entrepreneurship is important in the economy, but in addition to that, it contributes to developing individuals. People starting businesses sometimes do it for their own pleasure since it might have been their dream, and now they are fulfilling them. Therefore, entrepreneurship also meets social- and psychological factors, and needs among individuals around the world. (Blawatt, 1998)

In this thesis, I am going to further investigate the entrepreneurial process, and thereby focus on the first part of the process, namely the identification or creation of entrepreneurial opportunities. Knowledge about the discovery of opportunities is essential in the field of entrepreneurship. That is because, a good knowledge of opportunity discovery, facilitates investigation and teaching of entrepreneurship, as well as defining entrepreneurship itself (Fiet, 1996). Furthermore, the understanding of the entrepreneur him- or herself contributes to the understanding of the entrepreneurial process, (Stewart, Watson, Carland & Carland, 1999) which is the topic on which I will do further research in this thesis.
2. Problem

There is more research on opportunities after they have been discovered, hence, in a later stage of the entrepreneurial process, than what there is on the initial discovery and identification stage. (Fiet, 1996; Ardishvili & Cardozo, 2000) In the stage where opportunities are identified, recognized or created, there are different scholars which explain this stage in slightly different ways. Even if we would decide to neglect whether an opportunity is identified, recognized, or created, we have not solved the problem of finding a mutual and consistent explanation of what are the reasons that an opportunity is identified. Nor have we created a basic and unified understanding of the underlying contributors to that individuals identify, recognize or create opportunities in the market place.

There exist different thoughts of what influences the ability to identify, recognize or create opportunities. Even though the literature seems to emphasize prior knowledge such as market knowledge, knowledge of how to serve markets, and customer knowledge, as the main influence on opportunity identification (Shane, 2000), the contributors to opportunity identification becomes somewhat unclear. Prior knowledge is “the sum of all knowledge that an individual may (consciously or not) possess at a given moment in time” (Arentz, Sauter, Storr, 2013, p.462). The term ‘prior knowledge’ works in this as an umbrella term for what is a major contributor to opportunity identification, recognition or creation, and it comes from sources where work experience exists, which is the most emphasized source of knowledge. Work-experience, is one of the most frequently appearing words throughout the thesis, and it can be said that work-experience is experience from jobs that one has had in life, and it increases with time throughout a person’s career. (Tesluk & Jacobs, 1998; Fiedler, 1970) This means that work-experiences are “events that are experienced by an individual that relate to the performance of some job.”(Quinones, Ford, and Teachout, 1995, p. 890) However, prior knowledge can also be a result of for example education and hobbies. (Ardichvili & Cardozo, 2000; Smilor, 2001; Alsos & Kaikkonen, 2004). Even these concepts can be further sub-categorized, and developed, in which more uncertainties about the origin of opportunities and the entrepreneur’s relation to the opportunities, occurs.

These differences lead to confusion, and therefore it can be found problematic to understand the underlying influences to opportunity identification. The confusion is created, for example, because that it is found in existing literature that knowledge of markets, knowledge about how to serve markets, and customer knowledge are the main sort of knowledge. It is also found that this knowledge is mainly developed from work-experience, at the same time as other sources of opportunity identification are suggested as well, such as hobbies and education. Furthermore, Kirzner (1979) challenges the importance of market knowledge, knowledge of how to serve markets, and knowledge of customer, by saying that it is the knowledge of how to find knowledge that is valuable and useful, not the specific industry knowledge itself. Moreover, Ardichvili & Cardozo (2000) propose a connection between the prior knowledge explained above, and what Kirzner (1979) call alertness; the knowledge of how to find knowledge. This makes the origins of opportunities even more complex.
With the reason that the majority of research focuses on the next stage in the entrepreneurial process, and that the literature on influences for opportunity identification, is not completely consistent, I think it is motivated to do a qualitative study to further investigate the relationship between knowledge and opportunity identification.

2.1 Purpose

The purpose of this thesis is to do further research on the topic of entrepreneurship and the entrepreneurial process, focusing upon how entrepreneurs identify, recognize or create opportunities. The reason for doing this is that there are, as mentioned in the previous section, slightly different approaches in the literature in explaining the opportunity identification stage.

2.1.1 Research Questions

In what way does knowledge have an influence on identification of opportunities for new venture start-ups?

How is the knowledge of markets, knowledge of how to serve markets, and customer knowledge present across the different sources of knowledge?
3. Frame of Reference and Literature Review

3.1 Entrepreneurship

“Entrepreneurship is “the phenomenon associated with entrepreneurial activity, which is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.” (OECD, 2013, p.12) However, according to Kirby (2003, p.10), ten years earlier “there is no agreed definition of either what constitutes an entrepreneur or entrepreneurship.” Kirby (2003)’s statement is supported by Chell, Haworth & Brearley (1991, p.1), who say that “the problem of identification of an entrepreneur has been confounded by the fact that there is still no standard, universally accepted definition of entrepreneurship.” This is an interesting statement which could draw upon the aspect of how complex entrepreneurship is, as a field of study.

As mentioned earlier, entrepreneurship is an important field to study (Shane & Venkataraman, 2000), and entrepreneurship is, in general, growing around the world, at the same time as it creates jobs (Bygrave & Zacharakis, 2008; Formica, Curley & Andersson, 2010). Entrepreneurship helps countries with growth, and Blawatt, (1998, p.7) claims that, “the contribution to a nation’s wealth is the ultimate result of entrepreneurship.” For example, the wealth into the 20th century in the industrial world was much because of entrepreneurs in that particular point in time. (Blawatt, 1998) Ecocomic development improves with the means of entrepreneurship, and it is possible to see that between countries where economic growth differ, this can by 85 percent, be explained by whether the environments in the country contributes positively to entrepreneurship (Formica, et al., 2010). Intriguing is also that “historically, the rise of great civilizations has been predicated on Entrepreneurship” (Formica, et al., 2010, p.125), on the basis of building tradable goods and services out of novel ideas.

However, even though entrepreneurship has drawn considerable attention to its field in recent years, entrepreneurship is not anything new (Kirby, 2003). When the entrepreneurial economic started, there were a mix of attitudes considering the social aspect (Blawatt, 1998). The entrepreneurs became known as the individuals who primarily carried the economic progression and growth on their shoulders through speculating, producing, and coordinating. This way of working with resources was to become a profitable solution (Blawatt, 1998).

When the former prime minister of Britain, Margaret Thatcher, strengthened the privatization market in the country, and also the stimulation of entrepreneurship, it had positive effects upon the growth rate in the country. (Blawatt, 1998) Another example of where it has been a main difference in the entrepreneurial market is in Japan. This is shown by a decrease in the percentage of large firms. There has in Japan been an increase in smaller firms characterized by faster employment growth rate. It is also possible to see that small, entre-
preneurial firms do have a positive net change in jobs, even at the times when larger corporations go through contractions (Blawatt, 1998).

In November 1999, an event occurred, which was to become known as the ‘entrepreneurship evaluation’. This happening is said to have changed the U.S economy in the late twentieth century (Bygrave & Zacharakis, 2008). What happened was that Intel, Microsoft, Home Depot, and SBC Communications, replaced Chevron, Good Year Tire & Rubber Company, Sears Roebuck, and Union Carbide on the Dow Jones Industrial Average (DJIA). Two of these companies, Intel and Microsoft made their way all the way to NASDAQ exchange, which means that they were the first companies to be listed on Dow Jones Industrial Average (Bygrave & Zacharakis, 2008). The reason that this event was such an important happening in the US history, is that it shows how a monopoly has been broken up, and entrepreneurial opportunities have been created. Another important time in the entrepreneurial history was the late 1970s and early 1980s, which were years where the computer industry increased dramatically (Bygrave & Zacharakis, 2008).

Other reasons for entrepreneurial growth are the industry structure, new technologies, deregulation, and privatization. Regarding the industry structure, it can be noted that the industry has been going more and more towards a structure where smaller firms play a larger role with the reason of technological changes. This in turn, leads to lower barriers of entry for smaller firms because of a more competitive market (Rajeev, 2008). As mentioned earlier, a reason for the new industry structure are new technologies on the market, which has led some larger companies into diseconomies of scale. Also, a less restricted market, after deregulation of capitalism in Eastern Europe, has contributed to increased entrepreneurial action. This has not only occurred in Europe, but in several countries around the world. Now, in the free-market approach, there are not as many rules such as licenses and controls by governments. It is also possible to notice differences in companies that are owned by the state, as many of these has been privatized in a less conservative market. (Rajeev, 2008)

Furthermore, formation of new business communities, increasing demand for variety, and the services sector, are three other contributors to increased entrepreneurial activity around the world. Also, in the area of new Business Centers is technology a major contributor. New technology has made the inter-firm coordination more efficient which is the main reason for the new business communities, helping the smaller companies to compete on the market. The smaller firms are also advantaged by the fact that a new trend, where the consumers demand more heterogeneous products started to evolve, as well as the growth in the service sector. (Rajeev, 2008)

However, the reasons for entrepreneurship growth do not end here. For example, Government incentives and subsidies, increasing flow of information, and easier access to resources also seem to have an impact upon entrepreneurship activity. Examples of Government incentives can be a favourable tax system, preferred sourcing, and grants. Regarding the flow of information, it has become more accessible through internet search engines such as google. Also different teleservices and ways to contact people internationally have
decreased in cost and now it is sometimes cheaper to talk overseas, then what it used to cost to call someone within the same country. The facilitation of accessible information also helps entrepreneurs to get in touch with resources concerning debt and finance. (Rajeev, 2008)

Lastly, entrepreneurial education, return on innovation, the picture of the entrepreneur as a hero, and high regards for self-employment increases entrepreneurial growth. Entrepreneurship education is also a part of the Government supporting entrepreneurship in the economy by building entrepreneurship centers where support is offered to entrepreneurs. (Rajeev, 2008)

What is noticeable is that the financial crisis in the last years has temporary decreased the entrepreneurial activity. In a measure of companies with high growth rate, a difference of the lowest rate being 3.5% in 2006 to only 2.0% in 2010, where the highest percentage scored 6.0% in 2006, compared to 4.0% in 2010, is shown (OECD, 2013). It can also be seen that the percentage of new venture start-ups is still smaller than what the rate was before the crisis happened. However, this is not applicable in all countries, but evident in some of the European countries. Examples of countries around the world that seem to be recovering from the crises, by looking at the start-up statistics, is Australia and the United Kingdom (OECD, 2013).

### 3.2 Entrepreneurial Process

The entrepreneurial process “includes all the functions, activities, and actions that are part of perceiving opportunities and creating organizations to pursue them” (Bygrave, 2008, p. 49). The factors of the entrepreneurial process are personal, sociological, organizational, and environmental. Those factors are determinants for the idea, and how it develops into a successful enterprise (Bygrave, 2008).

Bygrave (2008) says that there is in most cases a triggering event present in the start-up of a new venture. This could involve being low-paid as employed, or other dissatisfaction within an employment. However, sometimes it is a choice, which does not depend on the treatment from an employer, but rather on an alternative career. The reason to enter the entrepreneurial world depends mostly on two factors; personal attributes and the environment. To mention some of the aspects that are part of the personal attributes, one of them is to have a vision and a strong willingness to create one’s life. Decisions are also generally taken quickly, and stubbornness, as well as the love for what he or she do, are some characteristics of the entrepreneur. Another personal attribute is the will to be in charge for one’s own destiny instead of being dependent on an employer. (Martinez, Mora & Vila, 2007; Bygrave, 2008; Lüthje & Franke, 2003). Also the importance for details, the thought that
money is not always the most important thing, and the ownership of the company is usually just distributed among key employees. (Bygrave, 2008)

There are also influences on the person who starts a business from the environment surrounding him or her. For example Bygrave (2008) says that if you are surrounded by successful entrepreneurs, it feels like a more achievable goal to start and run a business, then it would otherwise feel like. There are also other sociological factors that affect the entrepreneur. For example family responsibilities, regarding children and other aspects that make your responsibility economically more important than it might have been if you are single and without children. Also, the experience and optimism are environmental factors that can influence the entrepreneur. (Bygrave, 2008)

The entrepreneur must also be able to know who the customers are in order to succeed with one’s business. Another thing to consider is the timing for launching the idea. This depends on for how long the window of opportunity is open before the demand for the product or service is already fulfilled by someone else that take the opportunity before. (Bygrave, 2008; Timmons, 2004)

Bygrave (2008) also implies that the management team is an important part of the business success, as well as experience in the field. The team becomes even more important if the entrepreneur him- or herself does not have much experience in the area of the business. Further on, the entrepreneur reach the part in the process where it is time to look into the capital needed to start up the business. Keeping overheads low and be detailed about the most important resources needed is thought of as being an important success factor for an entrepreneur (Bygrave, 2008).

### 3.3 Entrepreneurial Opportunities

To begin with, a brief explanation of the existence, or non-existence of entrepreneurial opportunities is necessary. That is because, as Dawn & Gaylen (2007) state, the different scholars are not in agreement of whether entrepreneurial opportunities are identified, recognized, or created. Even though, the main focus in this thesis will be on the reasons that make an individual able to either identify, recognize or create an opportunity, the definition, and the different scholars will be introduced. That is because, not being consistent with which term that is used leads to confusion.

Alvarez & Barney (2007) describe an entrepreneurial process where individuals take action in order to create opportunities, and in that way behave entrepreneurially. This is another type of opportunity theory besides the discovery theory, which makes us understand that there are different ways to confabulate entrepreneurial opportunities. (Aldrich & Kenworthy, 1999; Aldrich & Ruef, 2006)

Going back to the basics, discovery theory simply says that even though there would not be an entrepreneur, there are still opportunities. The creation theory, on the other hand, says
that opportunities are created by entrepreneurs, and thereby they do not exist in the absence of the entrepreneur. (Alvarez & Barney, 2007) For example Baker & Nelson (2005), experience this in their investigation of opportunity creation, where they followed 29 firms on their journey of creating services from a limited amount of resources.

The opportunity creation theory can also be explained by that there is no objective form of existence of opportunities (Venkataraman, 2003). When an opportunity is created, it does not even have to be similar to a product or service that currently exists. This could be a creation of a new market (Dosi, 1988; Sarasvathy, 2001), which means that the origin of an opportunity is not to be found in existing industries or markets, and rather needs to be created (Alvarez & Barney, 2007).

Opportunity identification can also be explained as a discovery of an opportunity, which means that a person looks for opportunities in the market (Casson & Wadeson, 2007). The opportunities in the discovery theory are constituted of shocks in the market place that are exogenous in their nature. When looking at the research done in the identification, versus the creation field, it is found that in the discovery theory there are further divisions in the theory. However, the creation theory is more consistent and one single theory is found. (Alvarez & Barney, 2007)

Ardichvili & Cardozo (2000), say that the opportunities which entrepreneurs build their businesses on are more commonly a change or development to an already existing technology, rather than an entirely new product or service. However, even though they distinguish between opportunity identification and opportunity creation, Alvarez & Barney (2007, p. 12), argue that “it will always be possible after an opportunity is formed to describe the actions of a particular entrepreneur in both ‘discovery’ and ‘creation’ terms.”

Since it is not the purpose with this thesis to distinguish between these definitions, I will adopt the definition of entrepreneurial opportunities by Singh (2001, p.11) who says that “an entrepreneurial opportunity should be defined as a feasible, profit-seeking, potential venture that provides an innovative new product or service to the market, improves on an existing product/service, or imitates a profitable product/service in a less-than-saturated market.” I will not put any particular values, meanings or appraisals that favors neither the discovery, recognizing, nor creation of opportunities, if I do not explicitly enunciate myself in doing so. Therefore, these three terms will be used interchangeable in the text, if nothing else is stated. However, when I express myself without directly addressing a reference as such, I will use the word identification since it comprises both opportunities that can be found by entrepreneurs, meaning opportunities that already exists out in the market place, as well as opportunities that entrepreneurs need to create (Dawn & Gaylen, 2007).
3.4 Opportunity Identification

Earlier in the theoretical framework, under the heading entrepreneurship, you were briefly introduced to the opportunity identification stage which occurs in the beginning of the entrepreneurial process. Here, I will introduce you further into the concept of opportunity identification. The decision to start a new venture can be influenced by a number of factors and these may include for example “work experience, motivation, personality family environment, societal norms ...” (Storey, 1994, p. 60)

There are different theories discussing the role of opportunity identification as a field of research. Gaglio (1997), says that in opportunity identification it is possible to distinguish between entrepreneurs and the rest of the actors on the market. The main factors that influence the entrepreneur in opportunity identification is, as mentioned in the entrepreneurial process, the person in terms of alertness, and also the environment which includes the incentives (Gaglio, 1997). In this thesis, I have chosen to focus upon the work of Long & McMullan, Kirzner, and Vesper. One statement that all the three authors touches upon is that two of the most essential influences on individuals in identifying opportunities are their prior knowledge and experiences, (Shane & Venkataraman, 2000) and this knowledge differs between entrepreneurs depending on what they have learned through life.

In short, there are three main attributes covered in prior knowledge. These are prior knowledge of markets, prior knowledge of ways to serve markets, and prior knowledge of customer problems, and all of them have in common that they are crucial in the discovery process (Shane, 2000). These three factors are also found to be part of, and the basis of, opportunity creation (Alsos & Kaikkonen, 2004). The reason for the existence of prior knowledge are “work experience, personal, non-work related experiences and events, or due to relevant to these markets education” (Ardichvili & Cardozo, 2000, p. 116). However, Ardichvili & Cardozo (2000), do not find any strong relationship between knowledge of how to serve markets and prior knowledge regarding entrepreneurial opportunities and the stage of recognizing them. On the contrary, Ardichvili & Cardozo (2000), say that this correlation seem to be unlikely. Another important influence on entrepreneurs is the properties needed to value the opportunity which, according to Shane & Venkataraman (2000), is of cognitive approach.

According to Long & McMullan (1984), opportunity identification is not of a “single point in time” nature, which occurs within a short time frame, or as a single one spot moment. Neither is it an inspirational perfect moment that occurs from nowhere. Rather it is a process that the entrepreneurs go through over a period time. However, entrepreneurs, according to Long & McMullan (1984), have moments that occur to them and that are more important than others, so called “aha” moments. Important to know is that these moments would not have occurred on their own, without the entrepreneur going through previous stages in the identification process. Therefore, one cannot say that the “aha” moment is more important than other parts of the process. However, it is in the “aha” moment, that the entrepreneur spot an opportunity. In order to go through these “aha” moments that
can be seen as insights, or special perceptions occurring from the entrepreneurs creative ability, the entrepreneurs background is necessary to take into account. The background is part of the so called Pre-Vision stage of the opportunity identification process (Long & McMullan, 1984).

With that said I will present the rest of the opportunity identification process from the work of Long & McMullan (1984). The process involves four main stages, which as you already know, begins with pre-vision. In the pre-vision state, there is often a time where the person prepare and work hard. In the interviews that was conducted, Long & McMullan (1984) found that work experience, but also for example education, are a part of the pre-vision stage. According to Cooper, Gimeno-Gascon & Woo (1994), education is one type of human capital that the entrepreneur might possess. Further on, not only is education considered to be a resource in the form of human capital, likewise, experience fall under this category. (Brush, Greene & Hart, 2001) However, interesting is that prior employment, score the highest on a comparison of how frequent the factors influencing new venture formation.

Someone that has prior knowledge in an industry is more likely to exploit opportunities in the similar area where he or she recognize the field, (Long & McMullan, 1984), and in the findings from Hills, Hultman & Hansens (2004) study, industry experience was found to be a knowledge that almost everyone possessed when they recognized their opportunity.

This stage is followed by the point of vision, the opportunity elaboration, and the decision to proceed. The point of vision refers to the point in time when the entrepreneur realizes that there is a potential for him or her to carry out an idea as an opportunity. Here, the entrepreneur often takes a decision that it is doable and that he or she really wants to take on the challenge and try out an idea that has been formed from the pre-vision stage, where the learning and experience process occurred (Long & McMullan, 1984). For example, one of the interviewees said that he suddenly realized that he should start a restaurant with characteristics such as quality, but at the same time avoiding prices he deemed. Similarly, another interviewee uses the word “should” to describe the stage at which he was caught up in the idea of starting his company. As a last example, one interviewee said that the eventual opportunity that he saw was of immediate decisiveness. (Long & McMullan, 1984) This conclusion is also drawn by Long & McMullan (1984, p. 572) by saying “initial ideas for new ventures are likely to arise as a sudden recognition or vision of a new possibility.”

The elaboration stage, on the other hand, is where the entrepreneur looks closer into the opportunity. Here, it could be a matter of trying to overcome objectives that are facing the opportunity. This is done by thinking more critically towards the opportunity, and depending on who is elaborating with an opportunity, this is done in different ways. A common factor is that this stage involves the thinking and collaboration with resources. Possible ways to do this is to try to extend and find resources to fit with the initial idea. It could also be done the other way around where, the opportunity or the idea is limited to fit the re-
The process of elaborating upon the opportunity is important because it is here that the venture has a potential to reach the possibility to be a successful venture on the market. Aspects that could be taken into account during this stage are location, the team or staff, financing, and design of products. If the entrepreneur is able to do some rough calculations of the potential profit by doing estimates on revenues and expenses, it would eventually be possible for him or her to take a decision of whether the opportunity will generate enough money to make it worthwhile to further establish the idea. If it is thought that the opportunity is worth pursuing, the next step is to think of the products on a deeper level and start to design what the products would look like, because it is of high importance that they are suitable for the market, and that the market is ready for them. (Long & McMullan, 1984)

As a summary of Long & McMullan’s (1984) framework, it can be seen that, as previously mentioned, opportunity identification is a process and not a one-moment-in-time happening. However, one of the four stages in the opportunity identification process is a sudden happening, and this is the vision stage. What is important to remember is that without the pre-vision stage, which eventually is the stage that occurs over the longest time in the process, is essential. It is in this stage that the person has created the basics for being able to exploit his or her idea.

### 3.4.1 Opportunity Identification and Entrepreneurial Alertness

According to Kirzner (1979), alertness is a significant term in the stage of opportunity identification, and in the qualitative study pursued by Ardichvili & Cardozo, (2000) they find that in the majority of the cases studied, the entrepreneurs were alert and sensitive to information in their surroundings, and they were also all the time considering information in the form of opportunities. Entrepreneurs differentiate themselves from other individuals in their choice to go along with an opportunity. The ability to identify an opportunity has to do with the fact that people possess different sorts of knowledge, and this knowledge usually comes from the environment in which individuals spend their time. Examples are their work place and area, which could be both physically and in terms of information and special knowledge. (Hayek, 1945) However, according to Kirzner (1979), some individuals see an opportunity, but they do not further exploit it.

The other group of people are those who identify an opportunity, and in the next stage take action and follow plans in order to implement the idea (Blawatt, 1998). Furthermore, there is not an even ability among all individuals in the society in identifying opportunities. Some individuals seems to have more skills in this area, which means that people’s success in spotting opportunities, and to become aware of their surroundings regarding opportunities, differ (Kirzner, 1979). This is also in line with the view of Gartner (2004), who says
that the entrepreneur has to take action, and thereby make a decision (Shane, 2003), if a
new venture is to be created, because it is not possible to make it happen with just ones
thought. (Gartner, 2004)

Kirzner (1979, p.7), argues that “entrepreneurship converts the theory of market equilibri-
um into a theory of market process.” That Kirzner (1979), does not believe in the equilibri-
um school of thought is further explained by that a plan should be followed in order to be
entrepreneurial. It needs to be something carried out over a period of time, in order to try
to receive equilibrium in the economy, even though, this is eventually never found. This
means that the entrepreneur lives in uncertainty, and the main contribution to the oppor-
tunity is human action. The entrepreneur also changes to adopt to the market when this is
necessary by using his or her knowledge and activity. (Blawatt, 1998)

The word alertness, which was mentioned in the beginning of this section, needs to be
closer explored since it is a main factor in the framework of Kirzner. When a person pos-
possesses knowledge it does not by itself mean that the person in question is an entrepreneur.
This is something that Hayek (1945) thinks is important and he addresses the phenomena
by saying that knowledge within a special area needs to be carefully appraised, and rather
downgraded as important knowledge then the other way around. Kirzner (1979) explains
this by saying that, for example, if an employer was to hire someone that has knowledge, it
is more the employer then the hired person with knowledge, that is entrepreneurial. What
is important in that case is to know where to find the knowledge, which the employer does.
The employee, on the other hand, might have the knowledge, but does not know on his, or
her own, how to make use of it, which can be seen from the fact that that person is not
self-employed. (Kirzner, 1979)

The explanation of the word alertness is eventually easier understood after the previous ex-
ample, and it is explained by Kirzner (1979, p. 8) as “an abstract type of knowledge – the
knowledge of where to obtain information and how to deploy it. Or similarly, “alertness,
the knowledge of where to find market data” (Kirzner, 1973, p. 67). The person who poss-
sesses this sort of knowledge, the entrepreneur, knows how to use the factors of produc-
tion, and rather than knowing all the details and possessing all the information and factors
of production him-, or herself, it is hired as a service (Kirzner, 1973).

Even here, Kirzner (1973) agrees with the work of Hayek (1945), in which he explains that
a person who buys expert knowledge of someone in a particular area, may gain advantage
over this person even though he or she is the person who possesses the theoretical or
technical knowledge. With this in mind, it is important to carefully consider the meaning of
the word knowledge when speaking in terms of Kirzner’s framework, because knowledge
in itself does not help an individual to recognize and exploit opportunities. It is the entre-
preneurial knowledge, known as alertness that needs to be in place for that to happen (Kir-
zner, 1979) It is not only Kirzner, who draws upon the importance of alertness, also Gaglio
& Katz (2001), emphasize the importance of entrepreneurial alertness. They argue that
alertness is a skill of high importance, valuable in opportunity stage as a way to elaborate upon information, but also in the stage where information is perceived.

In the research done by Arentz et al. (2013) they extend Kirzner’s work, and investigate what could be some different influences on a person’s alertness. What is shown from their research is that prior knowledge, which is already said to influence what sort of opportunities that is identified, also affects the degree of alertness that individuals show towards the opportunities that they recognize. Also, Ardichvili & Cardozo (2000), are able to see that there is a connection between alertness and the prior knowledge held by an entrepreneur. The prior knowledge that this include is market knowledge, and customer problems; two factors that are able to strengthen the alertness of the entrepreneur.

### 3.4.2 Prior Knowledge and Opportunity Identification

Prior knowledge is “the sum of all knowledge that an individual may (consciously or not) possess at a given moment in time” (Arentz, Sautet, Storr, 2013, p.462) According to Vesper (1980, p.129), “most venture ideas come from former jobs held by the entrepreneurs.” This is in line with the findings of Ardichvili & Cardozo R (2000), where the markets discovered by entrepreneurs were markets that the individuals possessed prior knowledge in, which agrees upon the work by Hills et al. (2004), where prior knowledge about the entered market was present. This leads to that the new venture started by an entrepreneur tends to be related to what the entrepreneur used to work with as employed (Aldrich & Wiedenmayer, 1993). An interesting thought is however that there should be more people that potentially would be able to start the same sort of business since they have the same prior experience from being employed at the same employer (Vesper, 1990).

According to Vesper (1990), it is obvious why experience from prior jobs score as the highest source from where entrepreneurs receive their business ideas. Individuals with work-experience do not just know the products and services in order to compete on the market. They also know who the customers are and who to work together with, regarding for example different suppliers. Except for that, knowledge such as price ranges in between what prices the products or services usually sell is a useful knowledge. This, as well as, possible geographical places for where to locate a potential business of similar sort is valuable information. Also, knowledge such as sources of labour and quality controls, among others, are knowledge that could be useful. (Vesper, 1990)

Vesper (1990) shows that in a measure done by Cooper (1971), in as much as 85 percent of his technology start-ups, it could be seen a strong connection between the products in the newly started ventures, and the previous jobs of the entrepreneurs as employed. There is not only Cooper (1971) who finds this relationship. Also Miller (1963), found a strong relationship between new businesses and prior work experiences from employment, and in this case the figure is 75 percent. With this said, it could be interesting to know what sort of factors that the remaining entrepreneurs were influenced by. It was found that two other
ways were in majority as possible ways to identify opportunities, and to start up new ventures. However, the first one does not even include to open a totally new venture, but rather go with an already established concern (Vesper, 1990). The other route usually concerned business such as “rentals, hamburger stand operation, travel tours, and body and fender repairs” (Vesper, 1990, p.130). Also a third route was found, and this option was to find a person who possessed the knowledge that was needed to start the business, and to partner with this person (Vesper, 1990).

3.4.3 Knowledge from Work-Experience

Knowledge is not possible to run out of supply, since ideas are a source that is regarded infinite (Formic et. al. 2010). Siegel & Renko (2012) differ between science push knowledge and market pull knowledge. Science push knowledge is knowledge that is particularly technical and pull knowledge contains knowledge and information about customers, markets, and how markets are served (Siegel & Renko, 2012), and they also say that when either of these knowledge’s are practiced in their extreme, the opportunities that respectively knowledge contributes to, differ in their features. This is not all in line with the Austrian economists’ view of entrepreneurial opportunities. Here, the idiosyncratic knowledge is the essential groundwork for the opportunities, which includes the market pull knowledge (Siegel & Renko, 2012).

3.4.3.1 Market Knowledge

Knowledge about the market is one of the knowledge types that helps individuals to recognize opportunities (Siegel & Renko, 2012). While an individual has information about a market, he or she also have an understanding of customer problems in that market (Ardichvili & Cardozo, 2000). A model developed by Ardichvili & Cardozo (2000), is attached in the appendices (see Fig. 1) in order to more easily visualize how different factors in prior knowledge, including work experience, personal experience and education contribute to opportunity recognition.

3.4.3.2 Customer Knowledge

Prior knowledge can take the form of customer knowledge (Ardichvili & Cardozo, 2000), and they also say that this customer knowledge, in four of the cases that they investigated, came from work-experience within that particular industry, as well as supplying products or services within the industries. They also include being a consumer of a certain industry regarding both products and services. Aldrich & Wiedenmayer (1993), say that entrepreneurs sometimes bring their previous customers from a company that they worked for, as customers in their venture as self-employed. All these experiences are considered as prior knowledge.

3.4.4 Opportunities and Education

Students seem to be increasingly interested in running their own businesses as entrepreneurs, because they are able to be part of the labour market in a way where they retain their liberty. (Martínez, et al. 2007) A positive correlation between nascent entrepreneurs and
their education level were found by Delmar & Davidsson (2000). This correlation is supported by Lüthje & Franke (2003, p.136), who show that the values that students have about the upcoming work-life are similar to the ones that are present among self-employees, and includes “independence, challenges, as well as self-realization”. As much as 25 percent of students are interested in continuing their work-life as entrepreneurs after graduation (Aurora & Todd, 2010). Education works as a mean of motivation, an entrepreneurial variable, which is positively related to opportunity identification (Shane, 2003). Not only is education a motivation, it is also linked to knowledge and skills to name a few (Cooper et al. 1994). The decision to conduct an entrepreneurial approach is also based on educational background, together with other differences among individuals (Naffziger, Hornsby & Kurtako, 1994; Storey, 1994). Human capital in the form of education is closely linked to the identification of opportunities in the market. This is supported by the work of Ucbasaran; Westhead & Wright (2008) where they say that the chance of opportunity identification increases with education, as well as (Shane, 2003; Reynolds, 1997; Storey, 1994) who argue that the likelihood of taking action and exploiting an opportunity increases with education. Also, in a majority of the cases studied by Ardichvili & Cardozo, (2000), education was significantly part of the prior knowledge. That has to do with the returns that exploiting an opportunity may give, and this return is possible to be higher if the person is educated because education contains skills and information. Also, Ardichvili & Cardozo (2000), support the claim that the prior knowledge could be strong, and be a result of education such as engineering and IT to name a few.

Furthermore, it is found by Aurora & Todd (2010) that students that have family or friends in their surroundings who are entrepreneurs, have a higher willingness to become entrepreneurs themselves. This is also confirmed by Delmar & Davidsson (2000) who say that a role model, who can be a family member, shows positive correlation to nascent entrepreneurs.

3.4.5 Opportunities and Hobbies

Smilor (2001) identifies three types of entrepreneurs, and one of them is the lifestyle entrepreneur. For the lifestyle entrepreneur, the venture is an enterprise that accommodate the entrepreneur’s life and style of living.

In the work of Ardichvili & Cardozo (2000), they emphasize that not only the work-experience is a contributing factor in the opportunity discovery. Factors that are not work-experience, but still a contributor are hobbies, as well as other personal. An example of an entrepreneur with a hobby that turned into a new venture is a golf player who received the opportunity on which he started his venture while he was on the golf course. Hobbies are found in the exploratory research of Alsos & Kaikkonen (2004), to be a direct contributing factor to opportunity creation. According to Smilor (2001), the core of entrepreneurship is the passion that the entrepreneur holds. Passion constitutes of enthusiasm and joy, and Smilor (2001) explains that it is an individual aspect of what a certain person feel love for doing; the opportunity to follow a dream of his or hers. An example of entrepreneurs who
have turned a hobby into a successful business are Richard & James Cabela. They grow as big as to being present in 120 countries where they distributed about 65 million catalogues (Smilor, 2001).
4. Method and Data

4.1 Methodology

This research aims to further look into the influences on individuals as entrepreneurs in their opportunity identification process. Rather than gathering a large amount of statistical data with the purpose of generalizing, the aim of the research is to understand what the influences to opportunity identification are, and how knowledge is an important variable. In order to focus more on the understanding, instead of a large amount of statistical data, I have carefully considered the methodology philosophies of science. There are two main philosophies and ways to collect data. Those two are the quantitative approach and the qualitative approach (Clarke & Dawson, 1999). To give a brief understanding of the two, they can be explained by that the quantitative approach is used mainly in statistical purposes, and it is a sort of objective data, and the aim of quantitative data is often to measure something (Brikci & Green, 2007; King, Keohane, Verba, 1994). Qualitative data, on the other hand, is going deeper into details and is of subjective manner. The interviewer is able to ask more open-ended questions and will cut the distance to the data, in contrast to the quantitative data collection (Clarke & Dawson, 1999). This is also supported by Kirzner, (1979) who says that it is essential to use subjectivism while dealing with knowledge of the human being which is done in this research.

4.1.1 Qualitative Research

Qualitative research is useful when the purpose of the research is to understand an issue in greater detail, instead of gathering statistical data. The qualitative and the quantitative method can be explained with the difference in them regarding numbers or words. Qualitative research tend to leave the researcher with words to analyse, rather than numbers. (Brikci & Green, 2007) Since the research questions in this study are designed in a way so that they ask ‘in what way’ prior knowledge is influencing opportunity identification, and ‘how’ is knowledge …”, the questions that will be asked in the interviews need to give the interviewees the possibility to explain their answers and to answer in sentence form. Some of the questions are open-ended, which is another, but also related reason to why the research needs to be qualitative.

4.2 Method

The method is designed by the means of the methodology, and the research design where the choice of what sort of data is to be collected, as well as how the data is to be collected, is considered and taken on these premises. The discussion and thought put into the methodology also leads into the design of the analysis, because depending on the methodology focus, the data collection, and the purpose of the research, certain ways to analyse the data have been found to be more or less efficient.
In this work I have used both primary and secondary data. The primary data is the data that I have gathered through interviews to carry out my own research. Further information of how the primary and secondary data was found is presented below, and it is done in that order. In each section, I also explain why the research is carried out in that specific way and what the implications of the chosen methods are possible to be. I also propose alternative methods but do not dig deep into these, and do only explain why the approaches used, according to me, are a better way to go about the method in this particular research.

4.2.1 Data Collection

4.2.1.1 Case Studies

Case studies can be useful when the research topic is to some extent of a broad nature and not narrowly (Yin, 2003). I would say that this is of relative matter, but with the reason of my research questions asking ‘how’, and ‘in what way’, at the same time as my interviews contain open questions, I consider the study as not being a strictly narrowed one. Except for case studies, there are other methods such as experiments, quantitative methods and ethnography (Yin, 2003). However, these have been assorted as not being as appropriate as case studies in this particular research.

There are different types of research methods, and these can broadly be explained, in their approach, as exploratory and confirmatory research (Johnson & Christensen, 2012). Furthermore, the objectives of these can be categorized. In the exploratory case study type, the data collection and the theoretical framework is done before the research questions are actually formed. (Yin, 2003) Also, an explanatory study where the objective is to find how the outcome came to be, and the reason for an outcome (Johnson & Christensen, 2012) is relevant in the thesis. In the explanatory case study there is a relationship in theory with a cause-and-effect pattern (Yin, 2003). When talking in terms of a descriptive case study, it tends to describe a phenomena instead of focusing on a cause-and-effect pattern, even though this is not out of range (Yin, 2003.) The descriptive case study is characterized by focusing on the case itself rather than hypothesis and theory, and it does not aim to generalize. (Kaarbo & Beasley, 1999).

With that in mind, this thesis tends to be a combination of the different methods and objectives. Even though the research tends to explore knowledge in the opportunity identification stage, as in an exploratory, and main approach, used, the other approaches seem to be touched upon as well. When studying the literature on the subject, where explanatory theories for opportunity identification were found, some theories were emphasized more and therefore created a type of hypothesis or leading line of what was thought to be more likely to be found. The findings from literature is that prior knowledge from work-experience is a main influence on opportunity identification, but other sources could possi-
bly have an effect as well. Data from interviews was then collected (Johnson & Christensen, 2012) to explain the somewhat unclear literature findings.

In this research, a multiple case study approach is taken, which means that there are more than two cases (Yin, 2003), and this approach may give a strengthened robustness to the results (Bengtsson, 1999). This research is based upon eleven cases, which are eleven different companies. The case studies conducted are thought of as showing a theoretical replication, which means that they are predicted to show different results (Yin, 2003, 2012; Bengtsson, 1999)

The case study method is broad, and there is not, as one might think, a must, to use several sources from where evidence is to be gathered. According to Kaarbo and Beasley (1999), using interviews as the only source of evidence can be enough, even though case studies also can include multiple sources of evidence. One interview in each company was in this study found to be sufficient, and most suitable, because it is the entrepreneurs subjective thoughts of what influenced him or her to identify an opportunity that is investigated. The openness of case studies and the possibility for different options, where the study can be designed in the most suitable way for a particular research, was the main reason that I chose to work with case studies in my thesis.

In the beginning of this study, but after literature studies, I tried to form a research question from which I could focus my research. I formed the question as a “how”, and ‘in what way’- question which is compatible with the most frequent form of questions used in case studies (Kaarbo & Beasley, 1999). I also found a dependent respectively independent variable, and from there I further developed the research questions, as well as doing some further research in existing literature, which is the second step in the process (Kaarbo & Beasley, 1999). The dependent variable is that an entrepreneur identifies an opportunity and start a business. The independent variables, are the possible influences on the identification to take place; the different types of knowledge and the sources of these. After identifying the independent variables, I tried to find the most frequently sources of knowledge used in explaining the dependent variable. (Kaarbo & Beasley, 1999) A positive feature of case studies are that even though the focus is on one or a few variables, it is still possible to keep other variables in the background, and use them while interpreting correlations that are found from the analysis (Kaarbo & Beasley, 1999).

4.2.1.2 Sampling and Case Selection

The way that the ten cases were selected can be seen as a combination of a sampling method, and case selection. From a sampling point of view, the sampling made in this study was purposive and found from both personal contacts and from external sources such as Science Park in Jönköping. That the sampling was purposive means that the founders of the ventures that were chosen for interviews, were considered because of the thought that they would generate data of value to the research (Brikci & Green, 2007). In order to do this, a
sampling method called the maximum variation sample strategy was used. Instead of vary the sample in demographic terms, which Brikci and Green (2007) suggest, where demographic variation is believed to be able to alter the perception of the interviewee on a topic, I made a similar variant of this.

With the reason that my sample constitutes entrepreneurs of companies, and not individuals, even though these two may go together, demographics on an individual level might have had an impact as well, it would not be as relevant nor would it be in line with the focus in this research. Instead I designed a maximum variation sample strategy, into a model where I picked the sample by considering, and thereby varying, the industries and markets of where the companies operate. The reason for doing this was to minimize bias, since it was thought that a particular industry could have an impact upon what sort of knowledge that was most important in the opportunity identification stage. However, the purpose of the research is not to compare companies in different industries, which means that I did not conduct a stratified sample in its strictest sense, rather I did this as a way to avoid bias.

Explained from a case selection point of view, which is a more accepted way in comparative case studies (Yin, 2003; Kaarbo & Beasley, 1999), I have selected cases where there is possible to be variations in the explanatory variable i.e the independent variable, keeping the dependent variable constant (Kaarbo & Beasley, 1999).

Furthermore, another technique that is used as a supplement, resembles snowball sampling. It was used in order to receive data from another perspective than direct interviews with the founders. Snowball sampling in this research means that the interviewees are asked about other potential interviewees that might suit the research. (Atkinson & Flint, 2003).

However, the suggestions of other people that has identified an opportunity and where the opportunity were thought to have a connection to previous work-experience of the person in question, were not invited for an interview.

4.2.2 Primary Data

The focus of this research has been upon gathering primary data by doing small case studies of individual firms. The data has been received from the interviews, which is used in qualitative research methods. Interviews can be used for example when surveys do not help in answering the research question properly because more explanation is needed (Brikci & Green, 2007). That is identified to be the case in this research and the reason that interviews were a better alternative in this study is that a dialogue, with open-ended questions were needed in order to receive the information needed. This gave me an opportunity to ask the question again and explain myself, at the same time as I gave the interviewees the ability to emphasize what was most important for them, in a more relaxed form.

After acknowledging you with this information, I will continue with giving the information of what the focus in the interviews was upon. For the purpose of making the choices and focus of the interviews more understandable, I will repeat the problem and the reason for this research to take place. Firstly, it is claimed that work-experience is a major contributor
to opportunity identification (Vesper, 1990). One main question asked in the interviews was therefore how the person who started the venture and identified the opportunity, got interested in this field and the idea at first.

In order to get a deeper understanding of the idea and the opportunity that the entrepreneurs have identified, I also asked in what way they think that they differ from other companies with what they do or how they think; their concept. Now, when the basic idea of the venture is somewhat clear, I carried on the interview with asking about the background of the entrepreneur. Questions asked considered what sort of work that the entrepreneur had previously done, and if the person had been employed earlier in his or her life. The alternative to this is that the person in question has never been employed, and possibly always been an entrepreneur, or he or she has been unemployed.

If the interviewee answered yes to the question of whether he or she had been previously employed, I continued with asking for how long the employment had been and what the person worked with as employed. I was aware that earlier employment could involve various work places in various branches for a long period of time, and also that it could be a short time as employed in for example seasonal jobs, and possibly only at one or two employers. In short, I was aware of that the differences in prior work-experience could differ between the people that I interviewed, and this matter was part of the sampling strategy where I choosed to randomly pick entrepreneurs to interview.

I continued the interviews with asking about, if applicable, work-experience from prior employment. Here, I tried to focus the questions upon the work-experience as a way to identify the opportunity for their venture, in order to see if the interviewee could see a correlation between his or her previous work as employed, and the identification of the business idea. Furthermore, I asked how the entrepreneur thought that he or she was the one identifying the idea and not anyone else.

I continued with asking if he or she thought that it could be any other reasons for the opportunity to be identified. I also asked questions considering if the thought was to develop skills along the way. Finally, in the hope of receiving even more data and from another perspective, I asked if the interviewee knew anyone else that had started a business and where he or she could see a potential correlation between that persons prior work-experience and the venture.

Asking my interviewees about people that he or she may know, I think add valuable information to my research. It is both pros and cons for such information. The negative side is possible to be that it is difficult to receive any deeper understanding about the third person and his or her business. It could also be difficult for the interviewee to distinguish between which previous work experience of that person that could have influenced the opportunity identification stage. On the other hand, it adds another perspective to my research. That is because, when another person analysis the journey that an entrepreneur has done, or is doing, I may receive information that would possibly not have been received if the entrepreneur was asked directly in person. This does not mean that I imply that someone is not tell-
ing the truth. Rather, it is the limited perspective of a single mind that might give less information and that result in this statement. Not only is the limited knowledge or difference in knowledge between individuals a contributing factor to why I think a third person perspective may add valuable information. Also, the way an individual perceive him- or herself is possible to differ from how another person perceive him or her (Tice & Wallace, 2003). This might be either a result of bias, or a matter of the ability to identify details that another person may not see, and especially not consider oneself.

4.2.2.1 Semi-Structured Interviews

The format in which the interviews were conducted can be placed under the category of semi-structured interviews. This means that there is a combination of the structured and the unstructured interview (Clarke & Dawson, 1999). For example there are some basic, and thereby structured questions, such as asking if the entrepreneur has previous work-experience. However, most of the questions are open-ended questions where I explored upon the questions as the interview goes on. This means that I partially knew what I planned to ask and I knew which area I wanted to explore. Sometimes I did not get to ask the question directly as it was strictly written, but instead it was to some extent changed, in order to get more relevance out of it, and make it float in the conversation. This was done with the hope and expectation to receive the same information, and hopefully even more than the basics that would have been received from a planned and structured interview. (Clarke & Dawson, 1999)

Using semi-structured interviews also aligns with the view that Kirzner has upon knowledge, which is that knowledge includes more than just information in its strictly sense. For example it also includes “beliefs, expectations, speculations and guesses” (Kirzner, 1979, p. 140), which is data that I, to some degree deal with in the semi-structured interviews.

In practice, the interviews were conducted through dialogue, using interview questions as a base. I did not stick strictly to the interview questions, but rather start out with the basics and gave space to a conversation where I tried not to interrupt the interviewee too much. Then, I tried to direct the conversation towards my questions and sometimes I put the questions out to the interviewee exactly as they were prepared and written down word-by-word. This, I think, resulted in information that I possibly would have missed out on, if I would have kept strictly to the prepared questions. As I said earlier, this does not mean that I received less information nor that I did not receive answers to all my questions, rather I think that I received more information and a deeper understanding of the issues and the entrepreneurs while also letting the interviewee talk freely around the subject.

Another factor which I think can have helped me to receive reliable information and data is that I did not send the questions out to the interviews in advance by e-mail or by any other means. What I did was to contact the person that I wanted to interview and tell him or her the topic of the interview, and thereby I booked a meeting. This way of planning interviews I think is useful because the interviewee does not have the same possibility to pre-
pare. With preparing, I mean reading and analyzing the questions in advance. If preparation had been done, I am doubtful that the answers would have been exactly the same in all questions. The reason for believing so is not as one might think at first regarding the trustworthiness of the interviewed person and a willingness to not tell the truth. Rather, it is about the tendency of the human as an individual to strive for the given information to sound good to the audience. Even though, not everyone think of it this way, there may also be another drawback of letting the person that you plan to interview prepare too much. That, I think, is because it might limit the person’s mind and thoughts when it comes to have an open interview with open question which aim for discussion and deeper understanding.

4.2.3 Secondary Data

Some of the background in the study is based on secondary data. It is used in the theoretical framework part of the thesis, as well as in the result and analysis part in order to compare the primary data in the research found in this work. This secondary data is chosen because it supports theories on the subject that I aim to research on since I found some of the findings concerning. The secondary data used is well considered in the sense of its reliability in the way it is gathered, and in the way that the analysis is carried out. What I have considered before relying my thoughts and concerns upon prior research is that the sample used in the research is well determined in the sense of size and purpose. It is also important to understand the limitations of such research and to consider that a conclusion drawn has a certain amount of generalization applied, and therefore does not apply in every single case.

However, awareness of the purpose of theories as such is also a necessary. With this I mean the understanding that theories cannot be applied to every single case and that they are rather a generalization of the world, which is also the purpose of theories; they aim to simplify the general tendencies of happenings to give an understandable explanation of certain occurrences in the world.

4.2.4 Data Analysis

After all the data was gathered I started with transcribing all the interviews from the voice records I had in nine out of eleven cases. Then I worked through the material, and tried to get a deeper understanding of the information from the interviews by reading it several times, and thereby identifying different patterns.

Since work-experience appears in the literature to be the most emphasized and common source of knowledge used in identifying opportunities (Vesper, 1990), this variable is given immediate attention. However, not everyone did have work-experience within the particular industry of relevance. Based on this, I have chosen to divide the companies into two groups in order to do a comparative study of the two. The first group is made up of the entrepreneurs who have previous work-experience as employed in the same industry as they identified their opportunity, and the other group consists of entrepreneurs who have previ-
ous work-experience as employed, but not in the same industry as where they identified their opportunity. The benefit of dividing into these two groups in this stage is that it is possible to see how many of the entrepreneurs that do actually have work-experience in the industry, and this can be turned into a percentage.

In both the groups, the reasons that the entrepreneurs see for identifying their opportunities are then looked further into. Even though, it was explained earlier that the cases would show a type of theoretical replication, this view may be altered at this stage. Now, when the cases are divided into the two different groups, the first group is expected to show a direct replication because work-experience is dominant in the literature as a source to opportunity identification, and in all cases in group one, work experience within the industry is present. Group number two is still seen as theoretical replication, and is predicted to show different results than work-experience, because they do not have work experience in the relevant industry.

In group number one, I look at how many of the entrepreneurs that have used their prior work-experience in the industry as a main source of knowledge in their opportunity identification. By doing this, I receive an understanding of whether the entrepreneurs that have work-experience, see this source as the main contributor to identifying their opportunity, or not. The alternative would be that there are other sources of influence that has an even stronger impact upon the opportunity identification. If entrepreneurs with work-experience in the relevant industry do not see this source as the main source to opportunity identification, the importance of work-experience as a source of knowledge seems to decrement.

After this I look at the main source of knowledge that the other entrepreneurs regard as the most valuable ones in their opportunity identification stage. In group number two, there is not possible to be a correlation between previous work-experience in the industry, and opportunity identification. Here, other variables are present as contributors to opportunity identification. Therefore, I try to find if the other common sources of knowledge; education and hobbies, are proposed by any of the entrepreneurs as a main source of knowledge.

In the cases where neither work-experience, education nor hobbies, are a main source of knowledge, alternative sources are looked at. After doing this, I try to rank the sources of knowledge by importance by the means of looking at how many of the entrepreneurs that have identified the source of knowledge as the main contributor.

In addition to receive a feeling for the strength of importance of previous work-experience within the industry, compared to other sources of knowledge, the type of knowledge used is investigated as well. Firstly, I look for the presence of the three main types of industry knowledge that are emphasized in the literature; market knowledge, knowledge of how to serve markets, and customer knowledge.

Also, in which of the cases this type of industry knowledge is found, is taken in to account. By doing this it is possible to compare the cases according to their main sources of knowledge used in the opportunity identification stage, and the presence of this industry knowledge emphasized in literature. By using a comparative approach, it is possible to see
if the three different types of knowledge, market knowledge, knowledge of how to serve markets, and customer knowledge, proposed by Shane, (2000) is present independently of work-experience.

Furthermore, I have chosen to examine whether any of the cases can be identified as lacking specific industry knowledge, and in that case I look into what sort of knowledge the entrepreneurs possessed in the stage of opportunity identification, and that could have helped them at that stage, or what an alternative explanation could possibly be. Then the main source of knowledge that is found in each case is compared between group one and group two. Also, it is investigated whether the four main sources of knowledge all includes industry knowledge or not. After all the comparisons between the cases, sources of knowledge, and types of knowledge, are done, the literature findings are further taken into the analysis in order to relate to earlier findings.

### 4.2.5 Generalizing

Even though the sample was picked in order to avoid bias and to receive a spread in the market, case studies, including multiple case studies are not aimed to make a statistical generalization. (Yin, 2012) However, the case studies can be used to do an analytic generalization, which uses the theoretical framework to construct a logic. This is what is done in this study, by using a comparative approach between the cases, and the theory. This type of generalization may thereby contribute to a logic that is possible to be applicable to others. (Yin, 2012). In addition, even though the study does not aim to generalize statistically, it can be of interest to have in mind that the companies do all originate in Sweden, and in eight of eleven cases in Jönköping region, which may limit the study.
5. Empirical Findings and Analysis

5.1 Overview of the Companies

In this section I will start by giving you an overview of the companies involved in the study in order to make the analysis easier to follow so that you will get a deeper understanding of the study. This information is also given to you with the purpose of delaminating any possible conceptions of distance to the companies in which interviews has been conducted, as well as to the study as a whole. The companies are presented as follows:

Companies

- Milla Beauty
- Antikare
- Point 42
- Style Match
- Winnie Chung - Restaurant
- Winnie Chung - Grocery Shop
- Mellbris Consultancy
- @ Your Service
- Basic Unit Care
- Helena Booström Reklam & Design AB
- Olson & Linder

5.1.1 Milla Beauty

Milla Beauty is a beauty salon in the middle of Jönköping which was opened by Ludmila in December 2008. At the saloon Ludmila makes nail design and she is educated at various schools. Except for nail design, the saloon also offers hairdressing and waxing etc. Before Ludmila started Milla Beauty she worked as a nail designer and rented places where she could be doing her nail design.

Ludmila, is originally from Belarus and before she moved to Sweden, she worked in a factory where plastic was made. In addition to that, Ludmila has also worked in an electricity shop in Habo together with her husband. However, Ludmila has always been very artistic and as a school girl she liked painting and tried to learn different techniques from books that she borrowed in the library. When she first realized her interest in nail design was when she saw a girl walking by, with what she thought was really beautiful pedicure. Ludmila started her own business when she was 42 years old, and except for always receiving the highest grade in art at school, Ludmila cannot find any correlation with previous work-experience to what she is doing at work today; she does not think that her earlier employments influenced her in identifying the business opportunity.
5.1.2 **Antikare**

The founder of ‘Antikare’ is Gabrielle and her husband Göran. Antikare is a shop online where they are mostly selling old objects from different designers. The company was started in 2011, and the plan was to integrate the company with their life-style. The reason for this was that they both liked to gather and buy objects and other things to have at home. After a while they realized that they were gathering too many objects and they could therefore not just continue so they realized that they also had to get rid of things in order to continue their hobby. The objects that can be bought in the shop are, for example, glass, pottery and silver. Both Gabrielle and Göran had been employed before they started ‘Antikare’, but they still think that the reason that they identified the business opportunity was that they needed a way to be able to continue buying beautiful objects. However, Gabrielle adds her thought that most of the things you learn in life, including things you learn as employed is useful in life in general.

5.1.3 **Point 42**

Ievgen is the founder of Point 42, which is an IT company developing webpages, phone applications, and which work with graphic design, to name a few areas. The focus is however upon mobile applications for phones. The company was started in 2011 while Ievgen was still studying, and he was 23 years old at the time. Ievgen said that he has been interested in technology for a long time, and that his cousin works in the IT-industry as well.

One way of working in the company, except for being one of the few companies working with mobile applications in Jönköping, is that Ievgen uses outsourcing. He explains that this makes him able to work with different kinds of people which broaden the area of projects. Before the company was started in 2011, Ievgen had an internship at a bank in Ukraine where he was working with credit analysis, and he tells me that it was not related to Point 42. The reason for Ievgen spotting the opportunity for ‘Point 42’, was a combination of technology being a hobby and that his cousin had his own company in the same industry.

5.1.4 **Winnie Chung - Restaurant**

The restaurant is located in Borås. Winnie owns two companies, one in Jönköping and one in Borås. The company in Borås is a restaurant that has for example buffet and where high service is a main focus, at the same time as she is trying to give the restaurant an international feeling. Winnie also tries to keep the prices relatively low, for example you can have lunchbuffet for 79:-. When Winnie started the restaurant she was 23 years old, and that was in 2012. The grocery’s shop opened a little bit later.

Before, Winnie identified the opportunities to start her businesses, she has been employed in a factory, in cloth shops, and in the restaurant industry. In total she has been employed for nearly five years. The idea about starting the restaurant came, according to Winnie,
from her experience as employed in the industry. There she got to experience different sorts of business models and saw that owners thought of their business and strategies in different ways. Another reason that Winnie, thought of trying to be self-employed was that she wanted to decide over her own time, and have a more flexible working schedule.

5.1.5 Winnie Chung – Grocery Shop
The company that Winnie owns in Jönköping is a grocery's store with focus on selling Asian food to restaurants, as well as, directly to consumers. The grocery's shop opened a little bit later than the restaurant that Winnie also runs but in Borås. Even though Winnie had prior work-experience regarding the restaurant, the opportunity about the grocery shop came to her even though she didn’t have much experience in the field. However, she saw that there were something missing in Jönköping since there was only one shop selling Asian food. In this business, Winnie said that she learn things along the way and that she has had a lot of help and support from friends and customers.

5.1.6 Style Match
‘Style Match’ is a company which has developed a web application to help hairdressers to market themselves online. One of the founders of the company is Jens who at the time when the idea was identified, was 21. The company was launched in 2011 in a team of three people, and the opportunity according to Jens was identified by the team as a whole by different occurrences along the way; from hairdressers putting the difficulties of marketing themselves out to them, as well as an advisor at the innovation Centre showing them a similar web application from the U.S.

Jens say that they were very motivated to start a company since they had mostly been studying previously in their life, and the importance was not exactly what to do, but to start a company up. The only criteria was that they wanted to do something within IT. Jens has previously been employed, and worked at a factory during summer holidays. But according to Jens, the experience that he gained by being employed at the factory did not contribute to the opportunity identification of ‘Style Match’.

5.1.7 Mellbris Consulting
Tobbas, who is the founder of ‘Mellbris Consulting’, started the company in 2011. He has a background in the construction area, and has been employed in staffing companies where he has worked on construction projects. When he started the company he was 26 years old, and he had realized that it was a large demand for what he was doing as employed. He also thought that he was good at what he was doing and saw the opportunity of earning more money, and at the same time get more experience by starting his own consulting company.

To conclude, Tobbas said that previous employment definitely helped him to generate ideas and to identify the business opportunity. One of Tobbas strengths is his flexibility that he developed from previous work-experience.
5.1.8  @ Your Service

‘@ Your Service’ is a dance school in Jönköping and surrounding areas, teaching a variety of dances such as street, jazz, ballet, modern and partner dances. The school is run and owned by Mazen Mourad, who is educated within dance for many years and who has travelled many countries around the world due to his interest in dancing. The idea to the dance school ‘@Your Service’, and the time when Mazen identified the opportunity for his business, was about one year before he started the school in 2011. At that time he was 33 years old. The school is meant to differentiate itself with high quality and involvement, as well as the fact that Mazen offers to travel to see his students instead of the other way around, which is often the case.

5.1.9  Basic Unit Care

The company is working with home health care and was the first privately owned one in Jönköping. ‘Basic Unit Care’ was started in 2005 by Vilbert who is a former medicine student as well as a nursing student. Vilbert said that he is a problem solver and instead of repeatedly stating that there are problems, he finds them and he prefer to take action to try to solve them. For example, when Vilbert was studying nursing at Hälsohögskolan in Jönköping, he started to do some research for the purpose of writing an essay. What he found was that over 80% of the elderly people who had immigrated to Sweden, did not know what home care was. He found those figures interesting and somewhat shocking, and continued the research. After this research he realized that there was significant insufficiencies in the system. Vilbert thought that when the information about health care did not reach out to everyone, one could not say anymore that health care in Sweden was equal for everyone. Vilbert also noticed limitations within health care when he was previously employed within psychiatry. With this background, Vilbert started to develop his thoughts and ideas into a business opportunity. Within ‘Basic Unit Care’, there is a flexibility focus where it is important to try to find a good match between the health provider and the client or patient.

5.1.10  Helena Boström Reklam & Design

Helena started the company in 1998 after being in the same industry for ten years. In the company Helena works with graphical design and illustration. When I ask about how the company differ from other companies doing similar things, she answers that it is both very easy, but tricky at the same time to answer that question. That is because within design, people have their own style and I am able to tell who has done a specific work around Jönköping. When Helena founded the company she was 35, and before that she owned another design company in a team of three. Other main prior experiences within the field are education and employment. When Helena started her business she did not do it for the sake of starting a business, but rather it was the strive for working with design which made her see the opportunity to start ‘Helena Boström Reklam & Design’. 
5.1.11 Olson & Linder

‘Olson & Linder’ is a company working with exterior light design. The company is situated in Jönköping, but the founders Erik and Jöran, are travelling around the world in different projects. The company was started in 1999, and was a direct effect of inspiration from a course that both Erik and Jöran took in Jönköping together. From this course the passion for what they are working with was developed. In that time, when the opportunity was identified and the company was started, Erik was 21 years old and Jöran 40. When I ask them what they make different I receive the answer “everything”, and I can see why. For example, the expression ‘Light Movement’, was founded from work done by the company. Erik & Jöran say that what made them start the company was not the aim for making big money, instead it was the strong interest in what they were doing and they knew they were to work with it. Except for designing, Jöran and Erik also run workshops in lightening.

5.2 Sources of Knowledge

By going through the data gathered I found that all the entrepreneurs had some sort of previous work-experience as employed. However, there was not everyone that had work-experience within the particular industry in which their company operates. Therefore I made a division into two groups, which I simply name ‘Group 1’ and ‘Group 2’. Group one consists of the entrepreneurs who have work-experience in the same industry as the company for which they identified the opportunity. Group two consists of the entrepreneurs who have work-experience but not in the relevant industry.

5.2.1 Work-Experience in the Same Industry

The first company placed in group one is Winnie Chung’s restaurant, and Winnie said that after working both in a factory and in a cloth shop, she “started in the restaurant industry”. Winnie continue by saying that “I have been working with that (restaurant) for 1.5 year, and then I started to develop my own.” The next company in this group is ‘Mellbris Consulting’, founded by Tobbas Mellbris, and who say that “I have had different employments since before that might have helped me generating ideas. But then all the time it has been through staffing companies.” Tobbas continues by explaining why he thinks that his previous work experience might have influenced him in identifying his business opportunity and say that “while I was doing that, I saw myself as being very efficient in what I was doing (…) and I realized there was a lot of demand for what I was doing. They called me very often and asked if I could work. (…) So I realized that I could start my own company and earn money that way. I thought I could earn more money on doing approximately the same thing.” Also Vilbert, who identified the opportunity for ‘Basic Unit Care’, has work-experience in the industry and said that “I have worked within health care, but in different constellations my whole life.” Later on he also say that while working in health care he has “been within the commune and the state.” When I am asking Vilbert if he has been working with health care during his whole life he emphasized that he also has been studying: “during my school years, I did work extra within health care and especially I have been working within psychiatry.” In line with the previous three, Helena from ‘Helena Boström
Reklam & Design’, has also been working in the industry as employed earlier in her life, and she say that “I have worked in the same industry before for ten years, and I really liked it. I can also say that the three last years before 1998, I had a company in a group of three people together, and that went very well.”

5.2.2 **No Work-Experience in the Industry**

Even though the companies in group two have founders with work experience, this experience is not from the relevant industry. Milla who started ‘Milla Beauty’ said that she has “done a couple of different things.” However, she “started to do nails in 2008. Before that, I was a seller at an electricity shop. Before that, I was in Belarus and have worked as a technologist in a factory making plastics. And then I have worked with quality assurance.”

When I talk with Gabrielle from ‘Antikare’ about previous work experience she said that, “I have my business called ”Sköna fötter”, I have also been within the medical health care area. Göran, on the other hand, has worked with IT.” Göran and Gabrielle started the company together. Gabrielle also said that she has been “employed within the medical health care between 1979 and 1995. Since 1999 I have been self-employed.” Moving on to the next company in this group, this is ‘Point 42’, founded by Ievgen, who, while talking about previous work experience said that “I had an internship when I was studying in Ukraine. I was studying finance at the time and they had internships in a bank. So I have been working as a credit expert, analyzing credit risks and stuff like that. (…) So it wasn’t really related to what I do right now.”

Also the grocery shop founded by Winnie falls into this category and when I asked if there existed any previous work experience in the industry Winne said that, “with the restaurant I have some work-experience and I know about how it works. In the shop I didn’t.” Neither Jens from ‘Style Match’ had any previous work experience in the industry when he started his company which is based on Jens saying that “I had only worked in factories, paper mills.” Furthermore, Mazen, the founder of ‘@ your service’ answers the question of whether he has been previously employed, with: “I have in periods and seasonally within the public sector”. Lastly, ‘Olson & Linder’ is a company founded without any work-experience in the field. Jöran answer the question about earlier employment with: “I don’t like being employed …I was a painter….” Then he adds that “earlier, as young, I worked within health care … and also in a mechanical workshop…” This is commented upon by Erik saying that: “There we have something in common, because that is what I was doing as well …” (working at a workshop)
5.2.3 **Comparison of Group One and Group Two**

Below, a summary of this information is done in a table format by dividing the cases into two groups.

<table>
<thead>
<tr>
<th>Group 1</th>
<th>Group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winnie’s restaurant</td>
<td>Milla Beauty</td>
</tr>
<tr>
<td>Mellbris consulting</td>
<td>Antikare</td>
</tr>
<tr>
<td>Basic Unit Care</td>
<td>Point 42</td>
</tr>
<tr>
<td>Helena Boström Reklam &amp; Design</td>
<td>Winnie’s grocery shop</td>
</tr>
<tr>
<td>Style Match</td>
<td>@ Your Service</td>
</tr>
<tr>
<td>Olson &amp; Linder</td>
<td></td>
</tr>
</tbody>
</table>

In this table it becomes clear that group 1, where the companies had previous work-experience in the industry, shows only 36%, and is in minority to group 2, where previous work-experience within the industry is lacking.

5.2.4 **Main Sources of Knowledge**

In this section, I will try to find what the sources of knowledge are for the eleven cases. I start with Ludmila from ‘Milla Beauty’ who say that “I love what I’m doing”, and she is telling me about a girl walking past her with some beautiful designed nails: “I could not stop looking, and I walked after her because I was so fascinated.” Ludmila seems to always have had an interest in beauty and said that “I also remember the feeling from when I was about ten years old, and I had a doll with a lot of long hair, and I myself had short hair. And I wondered how it was possible to make the hair long. I had thoughts like that of how one could do things like that.”

Gabrielle at ‘Antikare’ is asked the question of whether work-experience is a main contributor to opportunity identification and she said that, “no, not exactly but … everything you do in life gives you experience. All sorts of employment and work give you experience that one has use of in some way … Every sort of even small jobs give experience.” Gabrielle explains that, “Göran has always been very interested in objects and other similar things. This has contributed in that he has way too many things at home … and we certainly do like beautiful objects. Even though we had so many things, we wanted to be able to continue to buy new things and objects, and therefore we needed to dispose some things along the way.”

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While talking to Ievgen from ‘Point 42’, he said that “I have always been interested in technology and it was always exciting to learn something new including for example websites, applications and how different technologies are applied. So, I was interested since high school.” Ievgen also said that previous work-experience in the bank “wasn’t really related to what I do right now.”, and when I ask if he would have identified the idea even without this work-experience, the answer is simply: “probably yes.” Instead Ievgen thinks that the source of opportunity identification was “mostly as a hobby”, and he also say that: “I had my cousin who started his company. and he started to do websites.”

When I talk to Winnie about her source of knowledge when she identified her opportunity for the restaurant it becomes clear that it originated from work-experience in the industry. She described herself by saying that “I sometimes had spontaneous things on.” This personality was not always suitable for the life as employed since it needed more planning, and for example “you need to be maybe a month in advance (talking about planning events in her spare time, and make it suit with work), and it didn’t always work”. This shows on a will to be independent, and being responsible, as well as, in charge for oneself. (Martínez, et al., 2007; Bygrave, 2008; Lüthje & Franke, 2003). When I am asking if the previous work-experience was the contributor to opportunity identification it gets even more clear that it was, and Winnie undoubtfully answers the question of whether it is with: “Yes, I think so.”

Regarding the grocery’s shop, on the other hand, Winnie did not have experience and she said that “it was just new for me and I was a little bit worried because I didn’t know that much about Asian food. (…) I personally thought that there was something missing in Jönköping. I think that Jönköping is a rather big town and there is only one grocery’s shop and therefore something more is needed. Therefore I started and it worked.”

Jens from ‘Style Match’ told me that they were a team searching for an idea. “Two of the others in the team had another idea before I joined. But that idea was way too complicated, so they decided to change and do something else that would be possible to build by themselves, and where it wasn’t necessary with a lot of capital. So at that stage I joined.” On the question regarding if it was the team who identified the opportunity he answers “Yes, exactly. We wanted to do some sort of web application, where it wasn’t a lot of money needed to build the basics. And from there we started brainstorming, asked ourselves what we knew about it, talked to different people at the University, and with coaches for start-ups. One day, one of the guys in the team went to the hairdresser, whose girlfriend worked as a hairdresser, and from there we received knowledge about some issues in the hairdresser industry.” Jens also said that it was “a combination of the girlfriend of one of the team members and the advisor at the innovation Centre who suggested that we would have a look at the web application from the U.S. So we decided and everyone were very motivated to get started.” The team “didn’t have much experience in the field we started but we tried to find something to do and really get in to.”

Furthermore, Tobbas said that when he started his company ‘Mellbris Consulting’, the idea, and identifying the opportunity originated from previous work-experience where he “saw
the opportunity to earn doubled money in approximately the same period of time by doing my own thing. Then I also thought it was an interesting and fun thing to try, and challenge myself”. The ability to calculate upon revenues and expenses is a knowledge that can help an entrepreneur to decide whether the opportunity is worth to further develop or not. (Long & McMullan, 1984). Mazen, on the other hand, the founder of ‘@Your Service, said that previous employment as work-experience “it hasn’t helped me”. When I am asking how he identified the opportunity he say that “It is my interest, I am doing it because I really like doing it. You might compare it to people eating one pizza per week, then I’m having five … “

Vilbert, the founder of ‘Basic Unit Care’ is a previous student within health care, as well as he has worked in the health industry. When Vilbert worked in the health industry he realized that the public sector was rather inflexible and said that “in the public sector it is difficult to change things because of the hierarchy … and that can sometimes make it a process of a couple of years. I am more the person who sees the problem and then, I see a solution that might not be the whole solution, but at least a part of it, let’s start working on it … I didn’t get to experience that way of working in the public sector. (…) and I didn’t have that patience with things. If you want to make a change, then one might need to be the person who runs the project, without being dependent on someone…” Vilbert also describes the opportunity identification by saying that “probably it has been an internal process because I know that for several years I sat down and made plans. (…) Probably it was some sort of frustration over an area that had not been working properly.”

The main source of knowledge that made Vilbert to identify the opportunity, however, seems to be his education. This source of knowledge is a sort of human capital (Cooper et al., 1994), and Vilbert said that “I started the company in 2005 and that was because of when I studied nursing here and we would start writing an essay I was very interested in being able to point out things that do not work properly. It is not necessary to always write essays about things that do work. Instead, I want to be able to point out, not faults, but aspects where development is possible. (…) then I came to think of what is the reason that it is so few senior citizens with foreign background that do not have home care. (…) Already in the beginning of the research I realized that there were something that didn’t seem to be right because 89% didn’t even know what home care was, and some thought that it was only for Swedish people. And six percent had said no to home care, and four percent started it but didn’t continue more than six months. And that means it is only one percent that continued with home care, and that was really interesting for me to find the answer to why that was the case. (…) If everyone does not know what home care is I think that it is something wrong in the society because that means that everyone does not get the same health care.”

In ‘Helena Boström Reklam & Design’, Helena emphasized her interest in the area by saying that “I am a designer and I want to work with design.” Helena explained that “I was employed first in seven years, and then became owner and employed in the company that I had for three years before I started this company. To the question of whether the previous
employment taught her anything that she used while identifying her opportunity the answer is “Yes. Everything... Well, I also have education in graphical design with different educators and schools as my base. So it is also a very strong passion that has been with me (…) I wanted to convert my creativity from pure art into a business that I could make a living on. A combination”. However, “even though I had really good years on my different schools, the most important and giving school was being employed because then I really learned the job if I put it that way... “ Even though Helena has design as a hobby and big interest, and also has previous work-experience, she say that “I don’t think I would have been able to do that (start the company, without previous work-experience) because of the gap between the school world and the “real world”. (...) Even though might have been able to do it in the sense of design, that are a lot of other things around starting a company.” In order to make a clearer distinction between identifying the opportunity and stage of running the business, I asked Helena if the first part of identifying the idea and the opportunity also were influenced from her previous work-experience, and she said that “I saw the opportunity quite early and it has been with me for a while, even before I started my education, that I want to work with art in some form.” However, the main factor which opened up Helens thoughts of starting ‘Helena Boström Reklam & Design’ seems to have been that her previous business grew in size, and at the end she was to do more administration work than actual design work. “After a while I realized I was mostly administrating the workforce, and even though that was a fun job with a lot of contacts, I am a designer. So I didn’t feel good about week after week not designing because administrating took so much of my time. (...) Then I decided to stop doing what I was doing in that company, (...) And that was a tough decision.” Helena also said that it (design) is also “ a very strong passion that has been with me (…) I wanted to convert my creativity from pure art into a business that I could make a living on.”

Erik and Jöran who founded and run ‘Olson & Linder’ went to a course together at University that helped them identify the opportunity. “We felt that we have to work with this in some way ... We went more or less possessed with this ... and after that course, most of the other students went back into their previous work (...) But Erik and I stayed, and felt that it is this we are supposed to do. (Jöran) (...) We started almost at the time we were still studying ... There was nothing to wait for.” Both Erik and Jöran clearly answers no to the question of whether they would have started the company if they had not taken that course.

5.2.5 A Comparative Approach of Knowledge Sources

The data received in the interviews of the main sources of knowledge will first be used to see if the companies in group 1, have found their work-experience in the industry as the main source of knowledge or not. (see fig. 2) Firstly, it can be seen that Winnie has found work-experience as the main source of knowledge for her restaurant. Also, Tobbas from ‘Mellbris Consulting’ sees work-experience as the main contributor. In the other two cases, ‘Basic Unit Care’, and ‘Helena Boström reklam & Design’, the main source of knowledge becomes somewhat unclear. In the two latter cases, work-experience is definitely an im-
portant source of knowledge, but work-experience is also accompanied with education and hobbies. However, it is a strong correlation between the four cases in which work-experience within the industry is present, and the importance of the work-experiences, in the way it has influenced the entrepreneurs to identify their opportunities. What should be kept in mind is that group number one is not as large as group number two.

<table>
<thead>
<tr>
<th>Group 1</th>
<th>Main source of knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winnie’s Restaurant</td>
<td>Work-experience</td>
</tr>
<tr>
<td>Mellbris Consulting</td>
<td>Work-experience</td>
</tr>
<tr>
<td>Basic Unit Care</td>
<td>Combination of work-experience and education</td>
</tr>
<tr>
<td>Helena Boström Reklam &amp; Design</td>
<td>Combination of work-experience and hobby</td>
</tr>
</tbody>
</table>

Fig. 2

Now, the main sources of knowledge in group number two is shown in figure 3. It can be seen that in four of the cases, hobbies are the main source of knowledge, whereby in one of these four cases hobbies are the main source of knowledge in combination with family. Also education is present in one of the cases in group two, as a main contributor to knowledge and thereby opportunity identification. This leaves us with two companies that do not have a knowledge source, in line with any of the main ones presented in literature. In fact, these two cases are characterized by not having any special previous knowledge in the industry, but rather a will to start a business can be found among these entrepreneurs.

<table>
<thead>
<tr>
<th>Group 2</th>
<th>Main source of knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milla Beauty</td>
<td>Hobby</td>
</tr>
<tr>
<td>Antikare</td>
<td>hobby</td>
</tr>
<tr>
<td>Point 42</td>
<td>Combination of hobby and family</td>
</tr>
<tr>
<td>Winnie’s grocery shop</td>
<td>Other</td>
</tr>
<tr>
<td>Style Match</td>
<td>Other</td>
</tr>
<tr>
<td>@ Your Service</td>
<td>Hobby</td>
</tr>
<tr>
<td>Olson &amp; Linder</td>
<td>Education</td>
</tr>
</tbody>
</table>

Fig.3

When comparing group one to group two, it can be seen that the sources of knowledge differ between the two. The only similarity can be found from the two cases in group one
where a combination of sources are present. In those cases education and hobbies, which are sources that also exist in group two, can be found. However, there is not two clear single sources of knowledge that is present in both group one and group two, which is possible to be due to the fact that the groups differ in having work-experience in the industry.

5.3 Knowledge

In this section the different types of knowledge used in the opportunity identification stage will be addressed in each of the cases.

5.3.1 The Main Types of Industry Knowledge

Firstly, I will have a look at the three main types of industry knowledge; market knowledge, knowledge of how to serve markets, and customer knowledge (Shane, 2000), also known as ‘market pull knowledge’ (Siegel & Renko, 2012). This is done in order to see if these are obviously present in the cases. In most of the cases I have not asked particularly about these three knowledge types with the reason that if this type of knowledge is present, it should appear naturally in the dialogue, or be possible to read between the lines in the cases where it is of considerable importance. That is because industry knowledge is correlated to sources of knowledge. However, in the cases where I was unsure of whether market knowledge, knowledge of how to serve markets, and customer knowledge, were strong enough to be relevant, I contacted the companies again in order to receive a clarifying of whether it was present in their case. Another aspect that needs to be taken into account when talking about industry knowledge, which I use as an umbrella term for these three types of knowledge, is what is to be regarded as industry knowledge. With this I mean how broad this knowledge is and what is considered to be included more specifically. This is difficult to specify in detail, and therefore the preciseness is somewhat restricted which is a factor important to be aware of.

To begin with, Ludmila from ‘Milla Beauty’, did not have knowledge in the industry when she identified her opportunity, by considering nail design in its strictest sense, and not health care or art in general. Gabriella from ‘Antikare’ say that “Göran is very good at obtaining and purchasing objects and things. Unique objects of well-known designers. This is a broad knowledge in the area that Göran has … It is important to have good and special objects.” This shows that some knowledge of the market was present since before, and at the same time they were customers themselves of old design objects.

In ‘Point 42’s’ case, Ievgen had some prior market knowledge gained from his cousin who worked in the industry, running his own IT-company, and he said that he had some “market knowledge before and did some research on the topic. (...) after that I started.” Vilbert also had some knowledge about “how many potential customer that were to be ...” Moving on to the next case, Winnie’s grocery shop, the only industry knowledge that seems to be of considerable strength is the knowledge she had of there only being one grocery shop
selling Asian food in Jönköping, and as Winnie said “I personally thought that there was something missing in Jönköping. I think that Jönköping is a rather big town and there is only one grocery’s shop and therefore something more is needed.”

For ‘Style Match’, the market knowledge that the team had in the hairdresser industry was from being customers themselves, and the knowledge that they received from a girlfriend of one of the team members, who is a hairdresser. Jens say that “one day, one of the guys in the team went to the hairdresser, (…), and from there we received knowledge about some issues in the hairdresser industry. The hairdresser said it sometimes is hard to market oneself, and the hairdresser also said that if she was to change the saloon in which she was working she easily lost customers. That experience was also noted by the other hairdressers.”

In the next company, ‘@Your Service’, Mazen has been in the industry for a long time, by dancing himself, and in different schools. Mazen say that “the plan is that I am going to where my clients and students are, and not the other way around. They do not need to go to a specific place, to find me, I can be flexible and go and see them.” This is a way in which Mazen differentiates the company from others within the industry, and this shows that Mazen had industry knowledge when he identified the opportunity.

In ‘Olson & Linder’ I logically found that there was not possible to be any strong industry knowledge, at least not in the niche within the light design industry that they operate within. That may be explained by that “for us, it was a combination of maybe architectural lighting, and the type which later has been identified as social lighting, which then created a new market. It was municipalities, real-estate concerns … there was no-one that worked with light designers in order to get better light … So it has always been to create. Today, it can be seen to be more or less naturally that they get called in, in stores and real-estates.” So even though, Jöran and Erik had some knowledge in lighting design from the course, this particular market, or niche, were new. Jöran explains what the aim of the course was and said that “the point was therefore that the light design people would increase the level of knowledge within the industry, and maybe that the students would start working with the already established light design companies. But we were a bit different and started out as consultants instead. And there were already light designers who worked with events and exhibitions, staging and theatre, but that is another niche.”

When Winnie identified the opportunity to start her restaurant, she had prior industry knowledge from work and she explains that “you see the system behind everything that is done when you work at a restaurant, and all restaurant owners think differently. For example, if I got a good idea it is not certain that another person think the same… I for example prefer to earn money in the long term.” Winnie, has also developed a price strategy and a way to differentiate the restaurant, and she can see the differences and similarities to some other restaurants, which shows that she has knowledge in the industry, and she said that “I have tried to make it have a little bit of an international feeling, with a little bit more service. In the restaurant I have rather low prices when I compare to other restaurants, but
there is still buffet. So the big thing is the service that I focus on mostly. A lot of restaurants have similar concepts, so I really try to focus on higher service.”

Tobbas, the founder of ‘Mellbris Consulting’ also proves his prior knowledge in the industry by the fact that he has worked in the industry earlier, and that he has an idea about the earnings that he would be able to make if starting his own company. Another thing that shows that Tobbas had knowledge in the industry was that he knew how he differentiates himself among other companies: “what I had as differentiating myself a little bit was flexibility … “ (Explains that it was from experience at the staffing companies). In the second last case, Vilbert also shows prior knowledge in the industry by the customer knowledge gained from his market research in his university studies. Vilbert in ‘Basic Unit Care’ also said that, “even though people with a foreign background, had a health care provider with foreign background as well. It was not a matching made because it doesn’t mean that it was the right person with the right competence, both the cultural and language aspect who went to a patient. It was only an immigrant who met another immigrant. (…) it was then when I felt like if no-one is doing anything about it, then I want to do something.”

For Helena in ‘Helena Boström Reklam & Design’, industry knowledge and for example how to serve customers was something learned from previous work experience. Helena says that, “idea generation is a large part and I have to consider how the graphical designs are to be designed. (…) it is a lot of different things and every project that I have is unique. Every customer is unique and they differ strongly between each other.” Also, knowledge about the market in general was present when she identified the opportunity to start the company. This knowledge was gathered from a variety of sources, but from for example running her other company, and from prior employment, and education. Helena lets me know that she “had worked in the same industry before for ten years”, and she also said that “I really liked it. (…) the three last years before 1998, I had a company in a group of three people together.”

5.3.2 Alternative Types of Knowledge

As can be seen above, not all the entrepreneurs had a strong industry knowledge in the form of market knowledge, knowledge of how to serve markets, or customer knowledge. This makes it interesting to see if there are any other types of knowledge present. In the literature it is found that Kirzner (1979) as well as Hayek (1945), do not consider this type of specific industry knowledge, as being the most important for an entrepreneur. The alternative knowledge, proposed by Kirzner (1979) and Hayek (1945) is entrepreneurial alertness, and therefore I will see if this type of knowledge is to be found in any of the eleven cases in this study.

From the interviews it can be found that in some of the cases where the entrepreneurs did not have a strong prior knowledge base in the industry, they searched for knowledge in different ways. Ludmila from ‘Milla Beauty went inspired once and say that “once when I saw
a girl with beautiful sculptured nails with flowers that was in gélè. It wasn’t gelack, it was thicker … and I could not stop looking, and I walked after her because I was so fascinated.” By this time Ludmila did not have knowledge in the industry but she started education and she tells me that “I was around everywhere”. Ludmila continues by saying that “I was educated at many schools, for example in Gislaved …, then … Hudsalongen. (Jönköping). I usually thought that when I see someone with beautiful nails I ask where the nails are done. One of these were at Hudsalongen, so I went there … and analyzed what sort of material she used. Even at Biosculpture, I read it is very healthy … so I went to Stockholm for education for biosculpture. Then, I am a competitive person … and when I see beautiful nails I want to have the same.” This shows that Ludmila is one of these entrepreneurs who has searched for knowledge, and one of those who has found it.

Also Ievgen from ‘Point 42’, shows that it is possible to search for knowledge to use. In his case he does not have to possess all the specific knowledge himself and he tells me that “I differ from most of the companies because I outsource. My developer Tim, is in Ukraine right now. It helps to cut costs and it does also help because I am not stuck into working with one team, instead I can work with different teams. So it means that I can attract different people to different projects.”

For ‘Style Match’ some knowledge about the market and a similar application as theirs was found by an incubator contact, and Jens say that “we talked to the innovation center and there they said that we should have a look at a web application from the States. So we studied their idea …” Also in the company ‘Olson & Linder’ a business center was used to help Jöran and Erik with their interest in the area. In the interview Jöran say that “we contacted a business incubator, and we had no idea about how it worked (…) The one who was in charge for the incubator program at Science Park liked us because we were different, and we were there in the start-up process.”

The next case where the lack of industry experience were shown in the opportunity identification stage, is in Winnie’s grocery shop. Winnie said that “in the beginning I got help from my friends. It was hard to overcome the worry of starting, but my friends helped me and I got advice (…) And one have to try to know. So I tried and it worked out.” She also say that “I have met many nice people in this branch who have helped me a lot, including my customers.” Also here it is shown that Winnie found knowledge along the way from friends and customers, instead of having all the industry herself, at least in the beginning.

To sum up, it is found without particularly asking, or presenting the word alertness to the interviewees, that in ‘Milla Beauty’, ‘Point 42’, ‘Style Match’, ‘Olson & Linder’, and ‘Winnie’s grocery shop’, that knowledge can be found along the way by using different means. This will be further developed in the next section.

### 5.3.3 Sources of Knowledge in Correlation to Types of Knowledge

Now, a comparison will be made where the sources of knowledge and the types of knowledge are considered. Firstly, the two groups formed in the beginning consisting of
those who have work-experience in the industry, and those who have work-experience but in industries different from the ones in which their business in question is operating, while being used. After that a comparison between all the observed sources of knowledge and type of knowledge will be done. The types of knowledge are divided into two groups. The first one is ‘industry knowledge’ or ‘market pull knowledge’, which contain market knowledge, knowledge of how to serve markets, and customer knowledge (Siegel & Renko, 2012).

The second group is alternative knowledge; the knowledge of how to find knowledge, which is also known as alertness (Kirzner, 1979). In the comparisons I refer to the main sources of knowledge. Regarding the types of knowledge, it is found that the entrepreneurs who had industry knowledge, used this knowledge in identifying their opportunity. The entrepreneurs who did not have much industry knowledge, searched for knowledge by different means along in the process. This does not mean that the entrepreneurs that had industry knowledge did not search for further knowledge. However, the entrepreneurs firstly used the industry knowledge that they possessed, and since only the main source is used in the comparison, industry knowledge is marked with a ‘yes’ in group one, in the cases where both industry knowledge and alternative knowledge is used. (Fig. 4)

<table>
<thead>
<tr>
<th>Companies</th>
<th>Industry Knowledge</th>
<th>Alternative Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winnie’s restaurant</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Mellbris consulting</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Basic Unit Care</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Helena Boström Reklam &amp; Design</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Fig. 4
### Companies

<table>
<thead>
<tr>
<th>Companies</th>
<th>Industry Knowledge</th>
<th>Alternative knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milla Beauty</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Antikare</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Point 42</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Winnie’s grocery shop</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Style Match</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>@ Your Service</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Olson &amp; Linder</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

Fig. 5

Also, alternative knowledge might be used later on in the entrepreneurial process, but whether that is the case, is outside the scope of this study.

### Source of knowledge

<table>
<thead>
<tr>
<th>Source of knowledge</th>
<th>Industry Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-experience</td>
<td>Yes</td>
</tr>
<tr>
<td>Education</td>
<td>Yes</td>
</tr>
<tr>
<td>Hobby</td>
<td>Yes</td>
</tr>
<tr>
<td>Family</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Fig. 6

### 5.4 Further Discussion in Relation to Literature Findings

The results of the interviews show some interesting data, that can be seen as both in line with the most emphasized theories in literature, at the same time as it to some extent follows a combination of the arguments found. As Bygrave (2008) says, the environment, as well as, personal factors contribute to individuals starting new ventures, which is also found to be the case in this research in the sense of knowledge, the sources of these, and a personal will to start a business.

The first division that was made among the cases, into ‘group 1’ and ‘group 2’, showed that work-experience was present in all the cases. In four of the cases work-experience within the industry could be found, and as Aldrich & Wiedenmayer, (1993) say, prior employment tends to be related to the opportunities identified. According to Vesper (1990), work-
experience leads to knowledge of the products and services, but also to customers knowledge, and knowledge in about for example price ranges.

In all the four cases in this study, work-experience from prior employment were present, and this is the factor that was found to be the most common one in a study done by Brush et al. (2001). Work-experience is also claimed to be the most important source of knowledge according to Vesper, (1980), where it scored the highest. It was also found that in those four cases of industry work-experience, all the four cases had used this knowledge in their opportunity identification. This shows that work-experience in the industry is used in the cases that the entrepreneurs have the option to use it.

However, even though prior employment is found in four of the cases, there are seven other cases left where prior employment in the relevant industry is not present. This shows that these findings differ from Brush et. al’s (2001) findings by the percentage of entrepreneurs having prior work-experience from employment. In order to make sure that the entrepreneurs who had been employed in other industries did not use their knowledge from those employments in the opportunity identification process, they were asked particularly about this, and it resulted in negative answers except from Gabrielle who could see a general benefit from it during the whole process of her business. However, she did not particularly refer to the opportunity identification stage.

From the snowball sampling, I received positive answers from six out of my eleven cases, regarding if they knew any entrepreneurs where they could see a connection to their previous employment and the business that these entrepreneurs have started.

Furthermore, industry knowledge can be possessed by entrepreneurs and originate from other sources than prior employment. In a study by Ardichvili & Cardozo R (2000), it was shown that markets where entrepreneurs had prior knowledge in, were also those markets in which they found their opportunities. Moreover, Long & McMullan (1984) say that prior knowledge in an industry leads to an increased likelihood of identifying opportunities in that industry, and according to Hills et al. (2004), mostly everyone have industry knowledge when they recognize an opportunity. This is in line with the findings in this work, where industry knowledge is present among entrepreneurs in nine out of eleven cases. This industry knowledge has also been shown to contribute to the identification opportunities.

As Ardichvili & Cardozo, (2000, p.116) say, there is not only work-experience that contributes to prior knowledge, but also “personal, non-work related experiences and events”, and “relevant to these markets education”. This has also been shown in this study where both education, and personal factors such as hobbies, has been present, and useful for entrepreneur in opportunity identification. Another important aspect is that, in line with Long & McMullen (1984), opportunity identification seems to be a process, where knowledge is first, the ‘pre-vision’ stage, and on the basis of this knowledge an opportunity is identified. However, deviations from this can be found, but only in a minority of the cases.
Education which, Ucbasaran et al (2008), say is a contributing factor to opportunity identification, and entrepreneurial action (Shane, 2003; Reynolds, 1997; Storey, 1994), is supported in this study as being a source of knowledge as well. Also role models (Bygrave, 2008; Aurora & Todd, 2010), is found in one of the cases, ‘Point 42, where a family member is running a business in the same industry. This person has been a source of knowledge in the opportunity identification stage, which is also found by (Delmar & Davidsson, 2000).

Hobbies, is found by Alsos & Kaikkonen (2004), to be a direct contributing factor to opportunity creation, and this is also found in this study, by for example Ludmila and Mazen. This is related to Smilor (2001) who argues that a hobby comes with a passion, which is the core of entrepreneurship. Other entrepreneurs in this study who express a passion for what they are doing is Helena who said that, “it is also a very strong passion that has been with me” (design), and she also said that “my driving force and reason for starting up this did not have to do with the fact that I really wanted to start a company. It was more about that I have always been a designer, and I am a designer, so I really want to work with that, then I am happy”. Jöran and Erik said that some other people thought of doing something similar but they “were more interested in business and to make money from it, and our motivation and driving force was not to make money. Our motivation was to be able to do what we are doing”, and earlier Jöran also said that “… we didn’t have an option, it was this that we were to do”. According to Smilor (2001), a hobby can also be a type of life-style. The ‘life-style’ entrepreneur forms his or her job to suit with the entrepreneurs’ style of living. This is directly expressed by Gabrielle from ‘Antikare’ who said that “we planned to do it as a new life-style”. This show that all these entrepreneurs are passionate about what they do, and is in line with Bygrave (2008) who says that love for what one is doing characterizes entrepreneurs.

Further on, what is found in all the cases is that, as Ardishvili & Cardozo, (2000) say, the entrepreneurs are alert to their surroundings. This is shown for example by recognizing that Asian food shops were missing in Jönköping, or that hairdressers sometimes found it difficult to market themselves. The data also shows that not everyone, even though the majority, had prior industry knowledge. However, according to Hayek (1945), and Kirzner (1979), the most important is to understand from where to find the knowledge needed, because that is a knowledge in itself, which may be even more important to possess. The ability to find knowledge in an industry, is present in this study among the entrepreneurs who did not possess industry knowledge. The knowledge found by these entrepreneurs were both technological pull, and market pull knowledge. This market pull knowledge contains knowledge and information about customers, markets, and how markets are served (Siegel & Renko, 2012).

While considering prior knowledge and particularly prior knowledge from employment and work-experience, it is interesting to take Vesper’s (1990) work into account. He is saying that if work-experience is what makes people identify opportunities and start new businesses, why is not more people that is working for the same employer doing the same. In this study it will not be possible to make a comparison between those who have, and those who
have not started their own company, since the cases in the study are all entrepreneurs. However, it can be seen that among the entrepreneurs in this study, and even among the entrepreneurs who have used their previous work-experience as their main source of knowledge for opportunity identification, they have all been alert towards opportunities, and sensitive to the markets. That means that the entrepreneurs take action (Alvarez & Barney, 2007; Gaglio & Katz, 2001), they do not rely on their thoughts to make a business happen (Gartner, 2004). Also, the existence of a relationship between prior knowledge and alertness (Ardichvili & Cardozo, 2000), is thereby found in this research. However, whether prior knowledge affects the degree of alertness (Arentz et al. 2013), is not found and needs further research to be fully explored.
6 Conclusion

When relating back to the research questions stated in the purpose section, it has been found that knowledge influences entrepreneurs in the opportunity identification stage. Knowledge can refer to more than one thing, and in this study, industry knowledge, or market pull knowledge, and the knowledge of how to find knowledge have been found. Industry knowledge contains knowledge about the market, knowledge about how to serve the market, and customer knowledge. These two types of knowledge are the main ways in which entrepreneurs are influenced to identify opportunities. In the cases where industry knowledge is not present to help the entrepreneurs to identify opportunities, alertness and the knowledge of where to find industry knowledge has been used. It is also found that industry knowledge and alertness is used in combination of each other.

Industry knowledge, or as it also is called, market pull knowledge, is found across the different sources of knowledge. Where work-experience in the industry is present, all the entrepreneurs have industry knowledge. However, even among the other sources of knowledge, such as hobbies, education, and role models within family, industry knowledge is found. In addition to knowledge of markets, knowledge of how to serve markets, and customer knowledge, alertness is found among the entrepreneurs, and this type of knowledge is present both with and without market pull knowledge.
7 Discussion

7.1 Further Research

The findings from the research is interesting in several aspects, and may be used as a basis for further research, in order to explore some of the aspects which is only touched upon in this study. For example, this study does not take into account whether opportunities are identified, recognized, or created. By doing these into account, it may be possible to draw conclusion that are more narrowed, by focusing on for example one of these three. Another finding which may be interesting to further investigate is the relationship between prior knowledge and alertness. In this study it is shown that the two can exist in the same cases, but whether prior knowledge affects the degree of alertness, (Arentz et al. 2013) is not taken into account in the study.

7.2 Interest Groups

As mentioned earlier, the findings in this research may be interesting to academics for further research, but also for other students, individuals considering starting their own venture, as well as governments. For people who are thinking about being self-employed, this study may generate some ideas in terms of what sort of knowledge other entrepreneurs have used, and thereby also some motivation, and confidence by reading about others’ journeys, and these in relation to prior studies and theories. Also governments, and other public agencies such as municipalities, may be interested in the data and the results of the study, as they consider entrepreneurship and entrepreneurs in the economy.

7.3 Strengths and Weaknesses of the Research

Furthermore, the way that the research was carried out brings about both positive and negative aspects, or strengths and weaknesses. Positive aspects of the chosen method is that the interviewees answered all the questions, and that they explained the answers, and told me more than what the questions actually asked for in the first place. This gave me a deeper understanding of the different cases. This is possible to be a result of the semi-structured interviews, and that the interviews were conducted in a dialogue form, in contrast to a strictly planned interview. Another positive aspect was that all companies that were asked to participate in the study, except for one, said yes and invited me to do an interview. Furthermore, the literature which is used in the framework, and to which the empirical findings are compared, are books, and academic articles which are thought of as being trustworthy sources.

Aspects that one should be aware of are that the answers from the interviews may be subjective, and/or biased. However, since the study consider prior knowledge originating from for example work-experience, hobbies, education, and role models, it is difficult to receive information from other sources, because they might not have enough insight. One may also be aware of that the interview questions could be interpreted differently among the entrepreneurs interviewed. However, when I thought that a question was not understood correctly, I re-asked the question, or explained it in another way. That was done in order to
avoid misunderstandings, and to be able to compare the answers between the different cases in the study, as well as to literature findings. Considering the market pull knowledge, I did not ask this question directly, but rather talked about knowledge in general terms during the interviews. That was done in order to avoid bias, because it might have led to that the interviewees had focused on this and therefore forgot other influences. However, it is possible to have led to some limited information.
8 References


9 Appendices

9.1 Interview Questions

Here are the interview questions presented. This is the base used for the interviews. The questions asked does not follow the structure of these questions in its strictest sense, but were elaborated with during the interviews.

- What is the name of the company?
- When did you start the company?
- Please, describe what the company is about?
- How old were you when you started?
- How did you get interested in this?
- In what way are you different from other companies?
- How did you come up with the idea?
- What sort of work have you previously done?
- Have you been employed?
- For how long have you been employed?
- Do you think that work-experience from employments helped you to identify the opportunity to start your company?
- What made you identify this opportunity and not anyone else?
- Do you think there are any other reason for you to have found this opportunity?
- Did you have a lot of prior knowledge in this area?
- Did you plan to develop your skills along the way?
- Do you know anyone else who has started a venture and who do you think so the opportunity with help of previous work experience?
9.2 Figures

Fig. 1

Diagram showing the relationship between education, experience, work experience, personal experiences, prior knowledge of markets and customer problems, entrepreneurial alertness, networks, and the outcome of successful opportunity recognition.
Bilagor