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# **ENTREPRENEURIAL OPPORTUNITY IDENTIFICATION IN ADVENTURE TOURISM**

**Processes and individual factors**

Master's Thesis  
in Entrepreneurship

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# **1 TOURISM AND THE IMPORTANCE OF ENTREPRENEURSHIP**

## **1.1 Entrepreneurship and tourism**

In tourism the role of entrepreneurship has in the past been neglected or ignored even though entrepreneurship itself is a heavily researched subject (Weiermair, Keller, Pechlaner & Go 2010; Ball 2005). According to a study conducted by Li (2008, 1017), the amount of entrepreneurship articles appearing in the major hospitality and tourism journals has been unexpectedly low. Ateljevic and Page (2009, 1) state that the reason behind the lack of research is that the themes of tourism and entrepreneurship have been developing on separate paths without any major crossovers in their literatures. This is surprising since pioneers and individuals with entrepreneurial qualities and personalities mostly create the actual structures in the tourism sector. The entrepreneurial individuals have founded hotels, holiday clubs, parks, cruise ships and tour operating systems, which are the basics of the entire sector. (Weiermair et al. 2010, 11.)

New customers, new technologies, new forms of production, new prevailing circumstances and new management styles have an impact on tourism industry operations (Poon 1993). The old models of mass tourism are not valid anymore and the tourism industry is changing constantly towards greater market segmentation. Tourism has reached a new entrepreneurial paradigm, the New Age of Tourism, which is mainly characterized by the need of flexibility of supply and distribution in order to serve the highly segmented market and achievement of profitability through diagonal integration, subsequent system economies and integrated values. The New Age Tourism needs the sector to offer adapted products to the diverse needs of demand while still being competitive with the old standardized products. (Adventure Tourism Market Study 2013, 14). This leads to the notion that the model of mass tourism is no longer sufficient when it comes to achieving competitiveness in tourism regions and enterprises (Fayos-Sola 1996, 405–406). In adventure travel the businesses and entrepreneurs need to understand the needs, preferences and behaviors of the adventure travel market and the customers to be able to attract travelers profitably also in the future (Adventure Tourism Market Study 2013, 14).

Thus, entrepreneurship and the entrepreneurs are to be considered as the most important factor behind the creation, growth, decline and market exit of business firms in tourism. Over 70 % of all the tourism enterprises in Organization for Economic Cooperation and Development (OECD) are SMEs and managed by owners, which makes them the most common form of a tourism company. (Weiermair et al. 2010, 19.)

A tourism product, service and experience, all consist of many different components, which offer entrepreneurial opportunities for small businesses in different degrees. These components may include transportation, attractions, accommodation, food and beverage outlets and other products and services including personal services, information provision and souvenirs. (Okech 2007, 45–46.)

The role of entrepreneurship in tourism is not only significant in the western countries but also, or even more significant in the developing countries. Therefore there is an urgent demand for personnel and facilities to serve the tourism and travel sector. This tourism growth is often accompanied by severe social, economic and environmental impacts on the host communities, thus professionals are needed to reduce these effects. (Echtner 1995, 119–121.)

According to Weiermair et al. (2010) entrepreneurship has a meaningful role in tourism from different perspectives. In tourism inspiration and creativity with transpiration and endeavor are linked in the entrepreneur himself, who brings ideas to the company from inside and outside of the firm. Entrepreneurs are also the main independent innovators in the field of tourism and innovations are a routine factor. But not all entrepreneurs are innovators; they act only as managers of small firms and have no entrepreneurial characteristics. The tourism product needs entrepreneurial people in its different parts of life cycle.

Tourism is said to be one of the best opportunities in creating income and employment for countries at different stages of development (Fayos-Sola 1996, 405). Tourism entrepreneurship should thus be studied and focused on since it is an important force behind the success of the tourism industry.

## **1.2 Adventure tourism**

Adventure travel market has been experiencing an extremely rapid growth during the past years and it does not seem to stop. The industry has been growing in absolute market value and as a percentage of the total travel and tourism market. Travelers are not any more eager to be sitting on a beach and shopping, instead they seek experiences. (Adventure Tourism Market Study 2013, 14).

Adventure travel is complicated to define since what it is to one person, may not be to the other. One of the many definitions defines adventure tourism as “any domestic or international trip that includes at least two of the following three aspects: physical activity, interaction with nature and cultural learning or exchange.” (Adventure tourism market report 2010, 2). Adventure tourism may also be defined as being an attraction; an outdoor activity in the nature, which generally requires specialized equipment and includes a feel of excitement (Buckley 2007, 1428).



Adventure travelers are slightly different by characteristics than other travelers. The average age of an adventure traveler is 36, which is younger than the average traveler, and they are more likely than other travelers to use guides, tour operators or other services. In 2013 already 42 percent of travelers reported to have an adventure activity as the main activity of their latest trip, versus in 2009 the amount was 26 percent. Tourism businesses and destinations have the possibility to create experiences with a range of unique activities and those businesses “will see the greatest success in capturing this lucrative market”. (Adventure Tourism Market Study 2013, 2, 14.)

Different organizations and associations support the growth of the adventure tourism market. In the near past the UN World Tourism Organization (UNWTO) signed a partnership agreement with the Adventure Travel Trade Association (ATTA) in order to boost adventure travel globally even further. ATTA is an association dedicated to the responsible growth and professionalization of the rapidly growing adventure travel industry worldwide and with UNWTO they will collaborate and look into matters such as market size and trends, training, standards and the development of the adventure travel. (Adventure Travel Trade Association 11.3.2014.)

Adventure travel can be divided into different categories: hard, soft and other non-adventure. These terms have been developed by researchers who found a continuum in the variety of consumers' behavior. The continuum starts from mild adventure (soft adventure) in the other end of the scale and moves forward towards hard adventure. The scale takes several factors into account: challenge, setting familiarity, intensity, duration, uncertainty, personal abilities and perceptions of control. Soft adventures are described to be “activities with a perceived risk but low levels of real risk, requiring a very small commitment and beginning skills”, whereas hard adventure is “activity with high levels of risk, demanding a high commitment and advanced skills”. (Swarbrooke, Beard, Leckie & Pomfret 2003, 63–64.) Soft adventures include for example backpacking, camping, canoeing, fishing and cycling while hard adventures refer for example to mountain, ice and rock climbing, trekking and caving (Adventure tourism market report 2010, 2).

### **1.3 The nexus of opportunities and individuals**

Entrepreneurship does not occur in a vacuum, but it is deeply surrounded with and influenced by the environment, the social and cultural context and the individuals. Entrepreneurship is a process in the complex environment and opportunity identification occurs in the beginning of it (Hills 1995). The ever-changing business environment, globalization, growing unemployment and the dynamics of the markets make the pursuit of new entrepreneurial opportunities a necessity (Munger, Purdy & Artz 2002, 77). Entre-

preneurship is an essential factor in tourism business, and entrepreneurs are the main and most important innovators of the field (Weiermair et al. 2010). Entrepreneurship as an activity is said to involve the discovery or creation and exploitation of an opportunity (Venkataraman 1997), hence entrepreneurship does not exist without an opportunity (Short, Ketchen, Shook & Ireland 2009, 40).

In the past the field of entrepreneurship has mostly only focused on researching the entrepreneur himself; what the entrepreneur is and what he does (Shane & Venkataraman 2000, 218), but these areas of research do not consider the variations of opportunities. Shane and Venkataraman (2000, 218) argue that entrepreneurship is rather a nexus of two phenomena: the enterprising individuals and the lucrative opportunities, and this nexus has required scholars to clarify the role of opportunities in entrepreneurship (Eckhardt & Shane 2003, 333). Opportunities, their possible existence, discovery or creation and exploitation are the beginning of the entrepreneurial process and the nexus of these opportunities and the individuals is said to be the building block for a deeper understanding of the phenomenon of entrepreneurship (Venkataraman 2003, in Shane 2003, Foreword).

It has been said, that “without an opportunity, there is no entrepreneurship” (Short et al. 2010, 40). The most important abilities of a successful entrepreneur thus are identifying and selecting right opportunities for a new business (Stevenson, Roberts & Grousbeck 1985) and the individuals develop these opportunities in order to create and deliver value for stakeholders in potential ventures (Ardichvili, Cardozo & Ray 2003, 113).

Relatively few studies have been conducted about entrepreneurship within tourism and travel, especially within adventure tourism, although the adventure tourism industry is one of the most growth-oriented tourism industries. The growth has been driven by the increase in international tourism departures, in the increase of travelers classified as adventure travelers and the increase in the average spend of the travelers. (Adventure Tourism Market Study 2013.)

Therefore understanding the development of entrepreneurial opportunities is becoming increasingly important because of the role and growth of the field of entrepreneurship and adventure tourism today (Tang, Kacmar & Busenitz 2012, 77; Adventure Tourism Market Study 2013). Especially opportunity identification represents an important part of research (Kirzner 1979; Venkataraman 1997) because it is a vital part of entrepreneurial action. Carland, Hoy and Carland (1988) also argue that one needs to understand the role of the individual generating the process in order to understand the whole process of entrepreneurship.

## 1.4 Purpose of the study

*“Entrepreneurship is a crucial factor in the evolutionary redirection of tourism products and increasing competitiveness.”* (Hjalager 2010, 4)

In order for the tourism and travel businesses to keep up with the growing and changing needs and wants of the customers, entrepreneurship and entrepreneurial actions are needed. At the same time the results of the study conducted by Li (2008, 1021) state that entrepreneurship research is understudied in the field of hospitality and tourism management. Li (2008, 1021) argues that in order to make a change the scholars need other researchers from different disciplines in research collaboration to develop theoretical frameworks for tourism entrepreneurship. Then, after creating a theoretical framework, it is possible for other researchers to empirically start testing and validating the theories in the hospitality and tourism discipline and thus know more about the entrepreneurial side of tourism and travel.

Similarly, even though opportunity identification is widely acknowledged in academia, the actual process of opportunity identification and its characteristics have only been under little research. Therefore this study focuses on researching entrepreneurship and opportunity identification in the field of tourism and especially the entrepreneurial, new company generation processes and the nexus of individuals and these entrepreneurial processes. More specifically it focuses on the identification of the entrepreneurial idea and the recognition or creation of the possible opportunity, which in the end might lead to the formation of a company.

Based on all of the above, this study adapts a process view of the identification and formation of a new entrepreneurial opportunity from the initial idea, to the point of a possible opportunity and the development towards a viable business within the growing field of adventure tourism.

Based on these, the aim of the research is to study entrepreneurial processes and find out how individuals identify opportunities to form new ventures and how specific individual factors are visible in these processes within the field of adventure tourism.

The first research question is as follows:

***How does the opportunity identification process start and evolve in the field of adventure tourism?***

To find an answer to this question, the study focuses on entrepreneurial processes, which are always influenced deeply by the individuals. Thus in order to find more thorough answers to this research question, also the contributions of individuals need to be understood. Therefore this research also adopts the view of the importance of the nexus

between the individuals and the opportunities within entrepreneurship and the focus is also on the individuals and their actions.

The second research question is based on the mentioned nexus between the individuals themselves and the opportunity identification processes. The individuals are said to influence the process through factors, which are, according to Ardichvili, Cardozo and Ray (2003), the person's prior knowledge and information asymmetry, social networks and personal characteristics. The second research question is therefore as follows:

***How are the individual factors visible in the opportunity identification processes?***

This study will thus firstly focus on the theories about the existence of entrepreneurial opportunities and different views of the entrepreneurial opportunity identification process and then moves on to describe the possible visibility of different individual factors in the processes.

After going through the theory background and describing how the empirical research was conducted, the study moves on to present three cases and to describe the opportunity identification processes and to introduce the individuals contributing to these processes. The cases are then analyzed and later compared to each other and the existent theories before the final conclusions and evaluation of the study.

## 2 ENTREPRENEURIAL OPPORTUNITY IDENTIFICATION

### 2.1 Entrepreneurial opportunities

*"To have entrepreneurship, you must first have entrepreneurial opportunities."* (Shane & Venkataraman 2000, 220).

In the entrepreneurship literature, entrepreneurial opportunities have gradually received more attention. According to Shane and Venkataraman (2000, 217) "entrepreneurship is concerned with the discovery and exploitation of profitable opportunities". They thus consider opportunities as the central and most important aspect of entrepreneurship and its research.

There are quite a few different definitions of entrepreneurial opportunities. For example Shane (2003, 18) defines an entrepreneurial opportunity as "a situation in which a person can create a new means-ends framework for recombining resources that the entrepreneur believes will yield a profit". Ardichvili et al. (2003, 108) concluded that an opportunity is a chance to meet a market need by using a creative combination of resources. Opportunity may also be defined as a possibility to meet the needs and wants of a market through combining resources and delivering superior value (Schumpeter 1934; Kirzner 1973) or "a situation in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends or means-ends relationships" (Eckhardt & Shane 2003, 336). Entrepreneurial opportunities are nonetheless not always profitable and the potential profits differ significantly between diverse industries at different points in time. But it has been stated that for an idea to become an opportunity, other factors have to exist to support it and potential customers must want the new product.

According to Shane (2003, 20) the literature offers two explanations for the existence of entrepreneurial opportunities: the Kirznerian (1973) and the Schumpeterian (1934). The difference between these two perspectives is the way they look at information. In the Schumpeterian way the existence of entrepreneurial opportunities is explained through the introduction of new information, when the Kirznerian way assumes that there are just different ways to access the existing information.

Kirzner argues that in order for people to find opportunities, they use information in different ways and form beliefs about the efficient use of resources. People make errors when making decisions and these errors create shortages and surpluses (Gaglio & Katz 2001). When acting upon these surpluses, these people can make use of resources and sell the output in order to make profit (Shane and Venkataraman 2000, 221).

Schumpeter (1934) however argues that for the existence of entrepreneurial opportunities, new information is vital. The entrepreneurs use the knowledge gained through changes in technology, political forces, regulation, macro-economic factors and social trends to create and recombine resources into more value. According to some researchers, the Schumpeterian or the Kirznerian perspective is the explanation of entrepreneurial opportunities; while others say that these two perspectives could exist in the economy at the same time (Shane and Venkataraman 2000).

In order for entrepreneurial opportunities to come be, people need to value resources differently at a given time. For an opportunity to get exploited, the entrepreneur must believe that the value of the resources, after using the new means-ends framework, is higher than their exploitation in their present form. (Eckhardt & Shane 2003, 337.) For an opportunity to get exploited the entrepreneur needs to engage in entrepreneurial action and therefore Companys and McMullen (2007, 303) state that “an *entrepreneurial* opportunity is more accurately described as an opportunity to engage in entrepreneurial action, in which *entrepreneurial* denotes a sub-class of some broader category of human action”.

## 2.2 The opportunity identification process

*“A wise man will make more opportunities than he finds.”* – Francis Bacon

Entrepreneurship itself occurs when the market is not in a state of equilibrium (Kirzner 1973). Entrepreneurs recognize and act on the profit opportunities, which exist because of this state and because we live in a world where knowledge is dispersed (Arentz, Sautet & Storr 2013, 464). These entrepreneurial opportunities are constantly being created through previous acts of entrepreneurship, production possibilities and factors, which disequilibrate the market or through the actions of entrepreneurs themselves. Profit is thus being created by the entrepreneur only because of the discovery, identification or creation of the opportunity and acting upon it.

Opportunity identification has been defined in many ways. Hills (1995) defined it as a process of recognizing under-employed resources or market needs and identifying how those resources meet the market needs, which lead to the creation of a business. Another definition defines opportunity recognition as “perceiving a possibility for new profit potential through (a) the founding and formation of a new venture, or (b) the significant improvement of an existing venture” (Singh et al. 1999, 658).

Combining different definitions of opportunities and opportunity identification processes, in this study a process of entrepreneurial opportunity identification is defined as

a discovery or a creation of a new means-ends relationship through entrepreneurial action, with a possibility of profit and which is influenced by individual factors.

Entrepreneurial activity and opportunity recognition and its development into a viable business not only benefit the entrepreneur but also the seller, the buyer and in the end the whole economy. (Holcombe 2003, 25.) Consequently one of the most significant abilities of an entrepreneur is the capability to recognize and select the right opportunities for a new business (Stevenson et al. 1985).

Singh, Hills & Lumpkin (1999) researched the differences between an initial idea of a company and a potential entrepreneurial opportunity and stated that even though an idea for a business is always at the core of an opportunity, it does not necessarily result in an opportunity. In previous literature it has been found that opportunity identification includes several learning steps over time and thus it is not a sudden one-time incidence.

The act of opportunity recognition is therefore always a process, which moves forward and may also take steps backwards when things go wrong. Opportunity recognition may occur before or during the founding of a company as well as after it (Singh et al. 1999, 658). An idea of a new venture is thus considered as a stepping-stone, which leads to and may end up as a new opportunity. Recognition of an opportunity is therefore an ongoing *process* rather than a sudden ‘Eureka!’ experience. (Singh et al. 1999, 658.) Opportunities are not fully formed when started, but they are developed through time and they may thus begin as modest concepts but can develop towards more elaborated plans (Ardichvili et al. 2003, 108).

Rea, Maggiore and Allegro (1999, in Puhakka 2007, 23) describe the identification of an opportunity as a continuous path of learning. At first the entrepreneur may have a vision about the firm, but lacks the needed information and knowledge. In the next phase the entrepreneur starts collecting information to be able to define the venture more precisely, and lastly the opportunity must be evaluated and in the end implemented. The entrepreneur may return to the previous phases to collect new information. Thus the opportunity identification is a process, in which an entrepreneur learns and moves forward in the hope of creating a new viable venture.

Timmons (1994, in Singh et al. 1999, 659–660) proposes a model in which the creation of a successful company is based on three forces, including the entrepreneurs, the needed resources and the recognition of the opportunity. He also acknowledges the importance of timing when identifying and creating new ventures. According to him in order for the opportunity to reach its full potential, the environment, the skills and the background of the entrepreneur need to fit together. Thus the characteristics of the entrepreneur and the environment clearly visible the process when proceeding from an idea to a more developed opportunity.

Singh, Hills and Lumpkin (1999) researched hundreds of entrepreneurs who had founded information technology consulting companies. Based on the findings they created a model of the basic steps of an opportunity recognition process (figure 1).

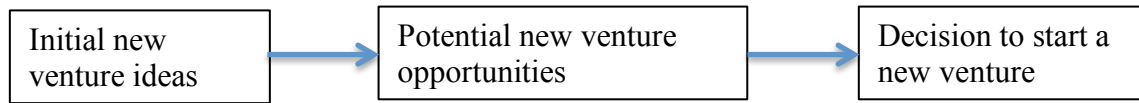


Figure 1 Basic steps of the Opportunity Recognition Process (Singh, Hills & Lumpkin 1999)

It is noted that there are individuals who invent new venture *ideas*. After giving some additional evaluation and thought, the individuals might identify that the ideas are potentially *opportunities* for new business formation. Adding more evaluation and consideration, the individuals may result in starting a new venture. (Singh et al. 1999, 661.) Also Barringer and Ireland (2008, 44) stress the notion that ideas and opportunities are different from one another. An idea is said to be “a thought, an impression, or a notion” and it might or might not meet the same criteria as the opportunity. Thus before launching a business, it must be understood if the idea in the end fills a need.

In the research it was also found that the entrepreneurs identified almost twice as many ideas than opportunities (Singh et al. 1999, 662). Thus ideas precede opportunities and opportunities do not exist without an initial idea, which is thought through, evaluated and pondered in order to turn them into opportunities. Mostly it took as long as weeks, months or years to develop an idea into a viable business opportunity and in this time the idea was likely to be modified and shaped (Singh et al. 1999, 663–664).

### 2.2.1 *Discovery and creation*

When discussing the process of opportunity identification, there are two existing, and most common theories, which describe the process as being a *discovery* or a *creation* process of an opportunity. Venkataraman (in Shane 2003, Foreword) has stated that he can “see a vigorous debate, perhaps even central to the development of the field, on this issue” (Table 1).

Within these two streams of thought, discovery and creation, after the opportunity has been formed, it is possible to describe the actions of the entrepreneur in terms of ‘discovery’ and ‘creation’. But “whether an opportunity is a ‘discovery’ or ‘creation’ opportunity, by themselves, is without empirical content”. (Alvarez & Barney 2007,



12.) The main focus of this study is therefore on the processes themselves and the actions of the entrepreneurs, and not as much on the types of the opportunities themselves.

It has been noted though that especially the Kirznerian opportunities are identified through a process of discovery, whereas the Schumpeterian, more innovative, opportunities through the act of creation of new knowledge (Aldrich 1999, in Shane 2003). These two streams of thought, discovery and creation, have in the end been found to go hand in hand when it comes to entrepreneurial opportunity identification processes (Vaghely & Julien 2010, 73).

Discovery and creation theories both have the same goal, to explain the actions of an entrepreneur when forming and exploiting opportunities. Entrepreneurial action in this research is defined as actions by the individuals, which are made to form and exploit the possible opportunities (Shane & Venkataraman 2000, 211).

The two theories, discovery and creation, and their central assumptions are presented in the table 1.

Table 1 Central assumptions of discovery and creation theories of entrepreneurial action (Alvarez & Barney 2007)

	Discovery theory	Creation theory
Nature of opportunities	Opportunities exist independent of entrepreneurs.	Opportunities do not exist independent of entrepreneurs.
Nature of Entrepreneurs	Differ in some important ways from nonentrepreneurs, ex ante.	May or may not differ from nonentrepreneurs, ex ante. Differences may emerge, ex post.
Nature of Decision Making Context	Risky	Uncertain

In the table 1, the nature of opportunities, the entrepreneurs and the decision-making contexts are defined and these are explained further in the following descriptions of the discovery and creation theories.

### Discovery theory

Opportunity discovery theory considers opportunities as objectives, which already exist in the environment and thus only need to be found (Alsos & Kaikkonen 2006, 303), and it has gained more attention in the literature than the creation theory (Alvarez & Barney 2007, 13).

The main assumption of the discovery theory is that opportunities exist as objective phenomena, created by exogenous shocks to an industry or a market; in a Kirznerian

sense. Opportunities may result from technological, political, regulatory, social or demographic changes. The existence of opportunities is dependent on the characteristics of the industries or markets. Therefore the opportunities exist independently of the individuals, who might or might not know about their existence. (Shane 2003, 23.)

These objective phenomena need to be discovered by ambitious entrepreneurs through using existing data collection methods and exploiting the opportunity by using whatever strategies, in order to identify and use them before other entrepreneurs discover and exploit the same opportunity. The ones who are late in discovering an opportunity will normally not achieve the same level of success as the first one who successfully discovered and exploited the same opportunity. (Alvarez & Barney 2007, 11).

Many researchers argue that alert people are able to recognize the opportunities based on changes in the environment through a systematic search process (e.g. Alvarez & Barney 2007, 8; Gaglio & Katz 2001, 101; Kirzner 1973; Vaghely & Julien 2010, 76). It is said that these kinds of objective opportunities can only be found through a deliberate search and study about the industry or the market. The entrepreneurs may collect information and make plans before the exploitation of the opportunity (Alvarez & Barney 2007, 8). The information is explicit and codifiable. Collecting information from various sources and linking the patterns it creates forms the basis of new opportunities. (Vaghely & Julien 2010, 73.) Ozgen and Baron (2007, 175) state that in order for an individual to recognize or identify an opportunity he must understand, collect, interpret and use information about diverse technologies, markets, industries, government policies and other similar factors. Thus all these researchers agree that deliberate search is needed when trying to discover objective, already existent opportunities.

A description of opportunity discovery process involves and emphasizes the importance of knowledge acquisition. An entrepreneur firstly has knowledge about the same field as the opportunity. Secondly the entrepreneur uses that knowledge to perceive the business situation and aims towards creating a new view of the complete situation. In the end the entrepreneur uses the created mental map in order to recognize links, which could end up being vital business opportunities. (Mayer 1992, in Puhakka 2007, 24.)

When discovering an opportunity, a lot of time may be spent to develop a complete business plan (Alvarez & Barney 2007, 12). Information gathering and knowledge acquisition are needed, since the decision-making context is described as being 'risky' (Alvarez & Barney 2007, 14). Risky decision-making means that at the time the decision is being made, the individuals making the decisions are able to collect enough information about the decision and thus have knowledge about the possible outcomes and the probabilities of those outcomes. Entrepreneurs can use a mixture of data collection techniques in order to get the needed level of understanding. It might take a lot of time

and effort, and it only is possible thoroughly when the opportunity is of objective nature. (Alvarez & Barney 2007, 14.)

The reason why only some people discover the objective opportunities and not others is because the entrepreneurs are considerably different from the non-entrepreneurs in their ability to identify opportunities (Shane 2003). According to Kirzner (1973, 67) the concept of alertness makes the difference. The differences and individual contributors are described in the chapter 2.3.

### **Creation theory**

According to the opportunity creation theory the opportunities are created subjectively and thus are not existent in the environment before an entrepreneur creates them. The opportunity creation theory emerged later in the literature, than the opportunity discovery theory (Venkataraman, in Shane 2003, preface) and it explains the relationship between the production of new products or services and the entrepreneurial action and relies on the trial-and-error perspective (Alvarez & Barney 2007, 14; Vaghely & Julien 2010, 73).

In the creation theory the opportunities are not assumed to be an objective phenomena, but they are created by the individuals and their actions and reactions of exploring the production of new products and services subjectively (Alvarez & Barney 2007, 15). Opportunities are thus created endogenously. Even though in the literature opportunities are said to be recognized, according to Ardichvili et al. (2003, 106) they are not found, but made. Developing an opportunity includes not only the recognition, but also gives space to the creative work of the entrepreneur himself. Before an opportunity is created to a successful business, it needs to be developed successfully from an idea. (Ardichvili et al. 2003, 106.)

In the creation theory the entrepreneurs may notice that a proper business plan can only be done after the opportunity has already been created, since planning everything too early and too precisely may only result in waste of resources and may also be misleading (Alvarez & Barney 2007, 12). The creation process of an opportunity is said to be clearly path dependent, since even the smallest variations in decisions and choices may result in great differences. Path dependent processes are an important factor in resource-based theory (Alvarez & Barney 2007, 16), which refers to the use of valuable intangible or tangible resources, which already are at the firm's disposal (Wernerfelt 1984).

Some researchers assume entrepreneurs to have an active role and consider them as an essential source of opportunities. In the creation theory opportunities, *ex ante*, are not assumed to evolve from exogenous shocks and changes in the industries or markets, even though, *ex post*, it may be possible to show how opportunities evolved from a prior industry or market (Alvarez & Barney 2007, 15). The entrepreneur learns and observes

during the entire creation process, unlike in the discovery theory in which the needed knowledge is gained and absorbed before the action takes place. The entrepreneur needs to justify the beliefs about the opportunity based on the information gained during the process (Vaghely & Julien 2010, 73).

Alvarez and Barney (2007, 14–17) state that in the creation theory entrepreneurs do not search for opportunities, they act and learn from the response of the consumers and markets. They argue that the term ‘search’ is not relevant in the creation theory, that entrepreneurs act and observe, but do not search in a sense of trying to discover opportunities, which already exist.

The opportunity is not really known or understood until it is created by acting upon a belief that it could exist and it only exists after enacting in a process of actions and reactions. The ‘end’ or the ‘result’ does not occur and cannot be seen before the creation process has unfolded. It has been said that before the entrepreneurs create the opportunities, the individuals might or might not be different than the nonentrepreneurs. According to the creation theory, *ex ante* (before creating opportunities), significant differences, if they exist, may lead to the entrepreneurs to create the opportunities and the others to not. Luck has been said to have a significant role in the creation of an opportunity. (Alvarez & Barney 2007, 16.)

Because opportunities do not exist before they are created, the decision-making context is uncertain. The information needed to possess in order to know the possible outcomes of the decisions does not even exist, thus it cannot be collected. In this case using time to try and collect information, is not helpful. Even with a lot of time and superb analytical skills the possible outcomes cannot be estimated, since the information has not been created yet. Some information of course may be gathered, but not to the needed extent to make the decision making context risky. (Alvarez & Barney 2007, 16.)

It is suggested that when creating opportunities, before the creation, the entrepreneurs do or do not have significant differences with the non-entrepreneurs. If they do, the differences are the same type as in the discovery theory. However some differences, which seemed minor before, might be later significant only because the individual entrepreneur chose a more entrepreneurial way over time. (Alvarez & Barney 2007, 16.)

### **2.2.2 *Deliberate search and serendipity***

The act of search is an important subject both in the discovery and in the creation theories. Deliberate and active search is needed when trying to discover an objective, already existent opportunity, which leaves out the possibility of an ‘aha’ -experience. At the same time the classical creation theory has nothing to do with searching the oppor-

tunity, the opportunity is always created and it is a result of the actions of the entrepreneur, which thus leaves out the possibility of a sudden opportunity occurrence.

Based on the study by Chandler, Dahlqvist and Davidsson (2002), Alsos and Kaikkonen (2006, 301–302) argue that not only are the elements of objective discovery and subjective creation important, but also the notion whether opportunities derive from deliberate search or serendipity. Gaglio and Katz (2001, 95) also argue that the important question in the literature about opportunities is whether opportunities are a result of a planned, deliberate search or bare serendipity.

According to some researchers a deliberate search is central in the generation of opportunities. Caplan (1999, 831) states that the identification of an opportunity is based on a successful and planned search process and Shaver and Scott (1991, in Alsos & Kaikkonen 2006, 303) argue that information processing skills, techniques of search or scanning behavior are needed in order to identify opportunities. However, Kirzner (1997) argues that the opportunity discovery is not a result of a deliberate search or of pure chance. Instead the process is somewhere in between and is the result of the level of alertness of the entrepreneur: “Without knowing what to look for, without deploying any deliberate search technique, the entrepreneur is at all times scanning the horizon, as it were, ready to make discoveries. Each such discovery will be accompanied by a sense of surprise.” (Kirzner 1997, 72.)

Vaghely and Julien (2010, 73) are also against the sudden realization in which the venture idea ‘simply’ pops into the entrepreneur’s head and argue that it is rather a process of recognizing and combining different factors and phenomena. The final opportunity evolves gradually through using the antecedents consciously or unconsciously. As information processors, entrepreneurs may use both of the approaches to recognize opportunities.

Kaikkonen and Alsos (2006, 301) therefore state that opportunities might be a result of a process of deliberate search or serendipity and the opportunities may be objectively discovered or subjectively created. They found that the way entrepreneurs have recognized opportunities is related to their former experiences and their social networks. The taxonomy of opportunity generation process created by Alsos and Kaikkonen (2006, 304) identifies two axes: the active-passive axis and the subjective-objective axis. The axes separate the four categories of opportunity identification and underline the notion that the processes are extremely heterogeneous. Alsos and Kaikkonen (2006, 304) argue that the processes of opportunity generation might include discovery and creation elements, since objective discovery and subjective creation only describe the two extreme ways of opportunity identification. The four types of opportunity generation processes in the created taxonomy are opportunity discovery, opportunity search, opportunity creation and opportunity occurrence (Figure 2).

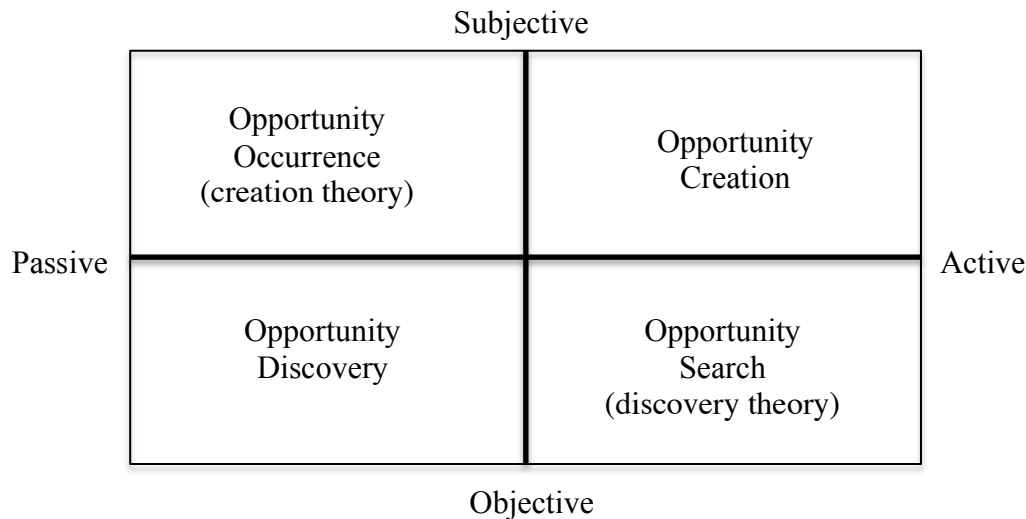


Figure 2      Adapted from taxonomy of Opportunity Generation Processes. (Alsos & Kaikkonen 2006)

There are two point of views in which the opportunity exists objectively, *opportunity discovery* and *opportunity search*. The notion that separates these two is the difference in their process of search. In the opportunity discovery view the entrepreneur may recognize the opportunity without an active search and therefore the process is based on the knowledge base of the individual. The main sources of new information are the networks and contacts the individual already has and these networks acknowledge the experiences and skills of the individual. (Alsos & Kaikkonen 2006, 304, 308–309.)

Instead, in the opportunity search point of view active and deliberate search is needed in order to discover the already existent opportunity. A search process is often characterized with lack of prior knowledge, which thus leads to a search of opportunities, which are typical for companies in the same industry or the same area. (Alsos & Kaikkonen 2006, 304, 309.) This, opportunity search, is thus principally the same theory as the previously presented *discovery theory*.

The two processes, which in the contrary adopt the subjective opportunity point of view, are *opportunity occurrence* and *opportunity creation*. In both of them the opportunity is believed to be a subjective phenomenon and the process is strongly influenced by the entrepreneur's own abilities, experiences, knowledge and actions. The entrepreneur himself forms the opportunities, rather than finds them. Thus prior knowledge plays a crucial role (see chapter 2.3.2). When an entrepreneur actively searches for a subjective opportunity, he *creates* it, while *occurrence* may happen due to the entrepreneur's own skills and resources without an active search. The *opportunity creation* process also seems to produce opportunities, which are related to the areas in which the entrepreneurs have experiences, for example through work or hobbies. The individual

needs to have the competence to search and obtain new knowledge and use his networks to get the access to the knowledge. (Alsos & Kaikkonen 2006, 304, 309.)

The *opportunity occurrence* however does not include search activities. It is mostly a result of the entrepreneur's own special skills and/or resources. The opportunities occur from the knowledge about a specific industry, market, customers or a variation of skills. These individuals might have experience in entrepreneurship and generating opportunities and a broad social network plays an important role. (Alsos & Kaikkonen 2006, 304–305, 309.) This, opportunity occurrence category, is thus principally the same theory as the previously presented *creation theory*.

When combining the taxonomy of the development processes and the two theories of discovery and creation, it may be noted that objective opportunities may be said to be discovered and in the contrary subjective opportunities may be said to be created.

In the same paper Alsos and Kaikkonen (2006) conducted a research on the opportunity generation processes and interviewed thirty-one farm-based entrepreneurs. The stories revealed that the type of the opportunity generation process might change, starting as one kind of process and moving on to another kind when the process and the idea develop. But most of the processes however seemed to stay within the same category as how they started.

### **2.3 The individual factors**

As stated before Shane and Venkataraman (2000, 218) argue that entrepreneurship is a nexus of two phenomena, the enterprising individuals and the lucrative opportunities. Similarly Carland, Hoy and Carland (1988) argue that one needs to understand the role of the individual generating the process in order to understand the entire process of entrepreneurship. Singh et al. (1999, 659) also state that the entrepreneurs at least partly control the process of opportunity recognition. The individual is thus considered an active part of opportunity identification and needs to be examined more specifically.

According to Kirzner (1973, 67) the concept of alertness is the most important influencing factor in separating the entrepreneurs from the non-entrepreneurs. The concept of alertness assumes that entrepreneurs are more alert to possibilities than other people, because of their abilities to exploit and interpret market information. It is a cognitive framework, which helps people be alert to various opportunities (Gaglio & Katz 2001). According to Kirzner (1973; 1979), alertness is the ability of an individual to identify, without search, opportunities, which others overlook.

Gaglio and Katz (2001, 96) note that entrepreneurial alertness is the most important contributor in the process of noticing opportunities without active search. However it is argued that investigators should shift the focus away from the “without search”-process

into a wider point of view. After reassessing the situation about entrepreneurial alertness, Gaglio and Katz (2001, 99) found that individuals, who are alert, might merely have a habit of being opposing and/or looking for change. They state that “periodically, the results of this habit may challenge the entrepreneur’s current understanding and the entrepreneur is confronted with the option of ignoring or discounting the new possibilities or with assessing their impact on the existing relevant schema.” This may lead to altering the dynamics of the schema and the existing means-ends framework, which offers knowledge about the newly found information’s value. In this case an opportunity is identified or created. (Gaglio & Katz 2001, 99.)

According to Ardichvili, Cardozo and Ray (2003, 106) the level of alertness, the development and the identification process of an opportunity are all influenced by three different factors or elements, which are

1. Prior knowledge and information asymmetry (own interest, prior knowledge of markets, of ways to serve markets and of customer problems) (e.g. Kaish & Gilad 1991; Shane 1998);
2. Social networks (e.g. Hills, Lumpkin & Singh 1997);
3. Personality traits (e.g. Venkataraman 1997; Krueger & Brazeal 1994).

These three factors represent the basis of the second part of this research focusing on the question how the individuals themselves contribute to the process of opportunity identification. In order to understand these factors in the context of an individual’s process of entrepreneurial opportunity recognition, the three elements are discussed more thoroughly.

### ***2.3.1 Prior knowledge and information asymmetry***

An individual needs different kinds of prior knowledge in order to use the new knowledge they gain. Prior knowledge is said to be the trigger of recognition of the value of new information, which also, with certain personality traits and social networks, heightens the level of entrepreneurial alertness. (Ardichvili et al. 2003, 114.) Every individual and possible entrepreneur possesses different amounts of information about versatile issues and these amounts of information and knowledge influence their possibilities to recognize certain opportunities (Shane & Venkataraman 2000, 222). Individuals consequently interpret the world differently because the perception of information is subjective (Arentz et al. 2013, 464). Some individuals have knowledge about specific market characteristics or customer needs when others do not. Shane (2003, 45–46) divides the reasons behind the unevenness of knowledge into two groups. Firstly, differences in access to information through life experiences, social networks and search pro-



cesses and secondly, possibilities towards opportunity recognition through absorptive capacity, intelligence and the right cognitive properties.

Access to information is a crucial factor, from which the individuals gain knowledge. This knowledge makes it possible for others to identify an opportunity and the others to ignore it. The information may be about scientific developments or merely about local demand or underutilized resources. The information may also be gathered through life experiences, such as a person's daily life or a job. Individuals may thus have an early access to some specific information and consequently have a greater possibility to identify an entrepreneurial opportunity. (Shane 2003, 45–46.)

Prior knowledge is associated with the absorptive capacity of an individual, and it facilitates the acquisition of new and additional information about technologies, markets and production processes. The prior knowledge of an individual effects the possibilities to identify opportunities firstly, because the knowledge possessed frames new information and helps the interpretation and secondly, it influences the ability to find solutions to problems, which need to be solved. (Shane 2003, 50–51.)

The entrepreneurs gather more information through already found opportunities and use the knowledge gained in the process to find new entrepreneurial opportunities. Habitual entrepreneurs have been found to be more effective in the opportunity identification process because of their strong entrepreneurial cognition. These entrepreneurs need to search less information than novice entrepreneurs, identify more opportunities and recognize opportunities, which are of higher quality. (Ucbasaran, Wright, Westhead & Busenitz 2003, 253; Baron & Ensley 2006, 1340.)

Sigrist (1999, in Ardichvili et al. 2003, 114) described two domains of prior knowledge, which are relevant in the process of identifying opportunities. The first domain includes the knowledge about an area, which is the target of the entrepreneur's fascination and interest. This is why the individual uses his time and effort to learn about the subject and gain more knowledge. The second domain on the other hand refers to knowledge, which is created over the years through a person's life experiences and rational choices. This type of knowledge is gained through the entire life cycle of an individual and cannot be learned and found through a search process. The second domain includes knowledge of markets, knowledge of customer problems and knowledge of the ways to serve customers. The combination of these two domains leads to the possible identification of a new entrepreneurial opportunity.

Prior knowledge about markets includes information about sales techniques, supplier relationships, capital equipment requirements and demand conditions (Shane 2000, 452), which all facilitate the opportunity identification in that specific market. The knowledge about how to serve the markets (Shane 2003, 51) helps the individual to better define the marketing and production gains. Opportunity identification becomes more likely when the possible entrepreneur knows what kind of a product or service would be

profitable, how these could be produced and distributed, what kinds of materials should be used and what would be the best sources of supply (Shane 2000). Prior knowledge about customer problems and needs triggers the identification since these pieces of knowledge help the individual to solve the problems of the customers. After going through many studies concerning prior knowledge, Shane (2003, 53–54) found that founders of companies are likely to serve the same or similar customers as their former employers and with the same type of a product or a service. This approach lets the individuals use their prior knowledge about the markets in creating or discovering a business opportunity.

Important factors in forming and gaining knowledge are also the individuals' prior life experiences. There are two aspects of life experiences, which have been found to increase the possibilities to identify entrepreneurial opportunities, job function and variation in experiences (Shane 2003, 46–48). The jobs that provide the most privileged information towards identification of entrepreneurial opportunities are within research and development (Klepper & Sleeper 2001, in Shane 2003, 47). Variations in career experience and in geographical locations both provide access to new information, which helps individuals to recognize opportunities. These people who have worked in many different jobs and surroundings and lived surrounded by a variety of markets are more likely to identify entrepreneurial opportunities by using the knowledge they have gained from these variations. Also the probability of later being self-employed increases through the amount of jobs an individual has had. (Shane 2003, 47–48.)

Education has also been found to affect the levels of prior knowledge and it is a factor contributing to the variety of life experiences. Arenius and De Clercq (2005, 252) noted that it is more probable for individuals with higher educational level to identify entrepreneurial opportunities than it is for people with lower educational level, because of the broader knowledge base they possess. Highly educated people might also be more self-confident and thus have the required personal characteristics to discover and create opportunities.

### **2.3.2 *Social networks and ties***

As stated before, knowledge and information play a crucial role in the process of opportunity identification (e.g. Ozgen & Baron 2007; Shane 2003, 45). The possible entrepreneurs have to possess and be able to gather, interpret and apply the needed information in order to recognize an opportunity. Because information is not equally divided between individuals, social networks play a key role in determining what information an individual has access to.

Through social networks and ties individuals may gain access to tacit and explicit information, such as markets, supplier relationships, trends and changes in the environment (Ozgen & Baron 2007, 175) in addition to the possible exposure to a variety of possible ideas and identification of more opportunities. The networks may also provide a media for other types of resources, both tangible and intangible (Ma, Huang & Shenkar 2011, 1183–1184), and influence the timing and the quality of the information (Arenius & De Clercq 2005, 250). Reese and Aldrich (1995, 91) have argued that through social networking, entrepreneurs founding a company may expand their span of action, save time and gain access to opportunities and resources, which otherwise would be unavailable.

There are differences in individuals' embeddedness in networks, for example the type of a network an individual belongs to and the extent of a network one is exposed to, which influence the perception of opportunities. In the tourism sector networks have found to be significantly important and influential. Tourism is part of the service industry and it is based on the effective exchange of information and knowledge between collaborative organizations. (Baggio & Cooper 2010, 1758.) Information gathering, thinking through talking and resource assessing are the ways in which opportunities evolve in their context (de Koning 1999, 1).

There are four factors which are said to play an important role within the social networks: weak ties, action set, inner circle (strong ties) and partners (de Koning 1999, 11). Social networks can be described as being strong or weak. Tie strength refers to the strength of the connection between individuals or networks. Strong ties or inner circle reflect repeated and frequent interaction, mutual favors between actors and close relationships whereas weak ties reflect only occasional interaction and casual acquaintances. A strong tie would be for example a member of the entrepreneur's family or a close friend and a weak tie would be a friend of a friend or a casual business contact. It has been found that it is the weak ties, which tend to transfer novel information while strong ties are used mainly for redundant information (Nelson 1989, 380), which leads to the notion that individuals who have more weak ties are more likely to identify opportunities than the ones possessing less weak ties and therefore less novel and unique information.

The action set refers to the individuals who provide necessary resources for the opportunity and the identification process, and who the entrepreneur has recruited. The resources the individuals possess may be financial, technical competencies, knowledge, and access to specific and specialized information or legitimacy. (de Koning 1999, 12.) Hansen (1995) defined the action set as people with common intentions to form a new venture. He also found that larger, highly inter-connected and communicative action sets correlated to better success. The closest relationship an entrepreneur has while identifying an opportunity is the partnership, the relationship between two or more people

starting a venture. Having partners in starting a new venture and finding opportunities is surprisingly common. (de Koning 1999, 13.)

Not only are these four factors important in the social network of an entrepreneur. Researchers have later found other significant and influential types of networking. For example Ozgen and Baron (2007, 175) focused on three different social network sources of information, which are relevant to and had a direct positive effect on opportunity recognition: mentors, informal industry networks and participation in professional forums such as conventions, seminars and conferences.

Singh, Hills, Hybels and Lumpkin (1999) argue that some personal factors like socio-economic status and ethnicity might improve the opportunity identification through enhancing the entrepreneur's ability to build networks which are important to opportunity discovery. As a conclusion Hills et al. (1997) stated that entrepreneurs, who possess extended social networks, recognize significantly more entrepreneurial opportunities than the entrepreneurs without these networks.

### **2.3.3 *Personality traits***

There have been a lot of research made within the field of entrepreneurship about personality traits and characteristics, but entrepreneurs in the end do not differ a lot from other non-entrepreneurial individuals. However, two personality traits have been found to be related to opportunity recognition, creativity and optimism. (Ardichvili et al. 2003, 116.)

Ray and Cardozo (1996, 12) define creativity as the ability of an individual to promptly identify associations between problems and possible solutions through the recognition of not obvious associations or through reshaping the available resources in a new way. Gielnik, Frese, Graf and Kampschulte (2012, 559, 570) stated in a newer research that creativity is a process of divergent and convergent thinking to create, evaluate and in the end discover a creative idea. They argued that divergent thinking had a direct effect on the creation of business ideas. Ardichvili et al. (2003, 108) included creativity to the definition of entrepreneurial opportunities and Ward (2004, 173) argued creativity to be an important characteristic for entrepreneurs in the process of searching for opportunities and generating and implementing novel ideas in order to create new ventures. Weiermair et al. (2010) have stated inspiration and creativity with endeavor to be linked in the entrepreneur himself in the field of tourism.

Schumpeter (1934) was one of the first ones to find that entrepreneurs identify opportunities that some other individuals do not, thus there needs to be some disjunctive factors which describe and differentiate entrepreneurs from other individuals.

The notion of creativity being a highly important factor in opportunity identification was found to be more evident for solo entrepreneurs than for entrepreneurs with an entrepreneurial network. As a result Hills et al. (1997) concluded that solo entrepreneurs need to be more creative and set aside time to be creative, in comparison with networked entrepreneurs, who might receive knowledge, information and help from other entrepreneurial individuals. In a similar way Heinonen, Hytti and Stenholm (2011, 660) emphasize that although creativity itself is a significant issue, in order to create viable and working business opportunities, creativity needs to be accompanied by other opportunity search activities, a single creative individual is not sufficient to generate a viable business.

The second personality trait, entrepreneurial optimism, has been found to be related to the belief of self-efficacy, which refers to one's ability to believe that he or she can achieve difficult goals and perform given tasks (Krueger & Brazeal 1994, 94). Individual differences in both of these factors, optimism and self-efficacy, have been found to have an influence on the identification and exploitation of an entrepreneurial opportunity (Singh & Venkataraman 2000, 223). Optimism and self-efficacy are the individual characteristics, which make entrepreneurs likely to see the business world through "rose-colored glasses" (Palich & Bagby 1995, 433).

According to Liang and Dunn (2011, 99) the entrepreneurial optimism is similar to "dispositional optimism", which is the "bias to hold, across time and situations, positive expectations". They also argue that optimists have a feel of control when performing activities, have higher expectations towards the outcomes and have the tendency to achieve more progress towards set goals.

In a research conducted by Palich and Bagby (1995, 426) scenarios of equivocal business situations were showed to entrepreneurs and managers and it was found that entrepreneurs were more likely to see opportunities rather than problems, strengths rather than weaknesses and potential performance improvement rather than deterioration. Entrepreneurs were also found to interpret some situations as opportunities while others saw them to have only little potential.

## **2.4 The theories underlying this thesis**

This research adopts the view that ideas and opportunities may be discovered and/or created and these two theories are seen as not mutually exclusive. It is also noted that in order to discover or create an opportunity, the individual firstly needs to identify an idea (Singh et al. 1999, 658), which then is thought through and may lead to an identification or creation of an opportunity, which in the end is possibly exploited.

This research takes also the notion of deliberate search and serendipity into account (Alsos & Kaikkonen 2006). The ideas and opportunities are thus a result of planned search or serendipity, but these two models are also seen as not mutually exclusive.

An important notion, which is adopted in this research, is the notion that opportunity development is not a one-time 'Eureka!'-experience. Opportunity identification and development therefore may occur before, during and/or after the business formation and thus the identification and development are not completed when the company is founded and the business started. (Singh et al. 1999, 658.)

In this research, the notion of entrepreneurship being a nexus of two phenomena individuals and opportunities (Shane & Venkataraman 2000, 218) is pointed out. The roles of the individuals thus need to be understood in order to understand how the process of entrepreneurial opportunity identification develops and why it develops that way. Prior knowledge, social networks and individual characteristics (Ardichvili et al. 2003) are seen as important factors in the entire opportunity identification process. It is noted by the researcher that Ardichvili et al. (2003) refer these individual factors as the factors, which separate the entrepreneurs, who *discover* opportunities, from other non-entrepreneurs. However, not depending on the type of the entrepreneurial opportunity identification process, these factors were found to be visible in adventure tourism processes and therefore are used in this study without the consideration of the processes being specifically discovery processes.

### 3 EMPIRICAL RESEARCH

#### 3.1 Research approach

Every investigation has a meaning and a purpose and this purpose guides all the research strategy choices (Hirsjärvi, Remes & Sajavaara 2007, 133). The overall purpose of this study is to examine the phenomenon of opportunity identification and the focus is on the already executed processes. The research questions are based on the changing characteristics of the processes and the individual factors visible in them. The hope is to depict the development of these processes and the visibility of the individual factors in them.

It is stated that qualitative research focuses on diverse and changing reality and dynamic processes instead of static categories and causation links between objective phenomena. Quantitative research analyses material statistically and uses for example percentage charts and statistical testing to present the findings. (Hirsjärvi et al. 2007, 136–137, 157.) Therefore *qualitative approach* was chosen for this research because the aim is to describe real-life events with time and space limitations. The purpose of a qualitative study is not to authenticate already existing propositions, but to depict reality. (Hirsjärvi et al. 2007, 157.)

Within the subject of entrepreneurial opportunity identification, the interviewees could tell their own point of view of the process of finding the opportunities and discuss how versatile factors appear in the identification process. To study these dynamic cases, a flexible and adaptable research method was needed, since the empirical data was collected through face-to-face interviews. In this way the interviewees could describe the process in more depth and tell about the contributors within the process more specifically.

One of the characteristics of a qualitative approach is, that it is described as open, flexible and adaptive to changes. (Patton 2002, 169.) The way how the qualitative method aims to understand the point of view of the actors and focuses on the changing reality (Hirsjärvi & Hurme 2001) was a better fit to the research questions of this study than quantitative methods. Qualitative method is also extremely suitable when wanting to comprehend and describe a group or a certain phenomenon, because the approach focuses on the personal meanings and experiences as they are understood by the research partakers (Patton 2002, 163).

The data was collected through interviews and while conducting interviews the interviewee and the researcher were in interaction with each other. In quantitative research approach however the researcher is considered being separated from the target of the research (Hirsjärvi & Hurme 2001, 23). Quantitative approach also focuses on “*how*

*many?*” while the qualitative approach asks “*How?*” (Silverman 2010, 11, 118). Silverman (2010, 118) also states that a method is not better than the other, but for a particular purpose a specific, right method brings the best results. For these reasons, the quantitative approach was not suitable for this specific research and was not in line with the research questions and qualitative method was chosen.

The perceptions and the observations of the examinees are in focus of this research and with a qualitative approach these points of view and the voices of them could be heard and concentrated on (Hirsjärvi & Hurme 2001, 28). It should however be taken into account that the reality is influenced by the environment and thus cannot be broken into pieces. The researcher’s own values may also influence the interpretation and the understanding of the phenomenon and the process itself (Hirsjärvi et al. 2007, 135–136, 156–157.)

### 3.2 Research methods

After choosing the research approach of the study, the method should be chosen to bring clarity to the problem and suit the situation at hand (Hirsjärvi et al. 2007, 131–133).

In this research three entrepreneurial processes were examined in the market of adventure tourism and the founder or one of the founders of each company was interviewed. As stated before, the focus of this research is on phenomena in real-life context and therefore the interviewees acted as informants expressing the experienced process to the researcher. In this research the interviewees were allowed to openly tell the stories, which had already happened, thus the researcher did not have any control on the events of the phenomena.

Based on the characteristics of the phenomena and the studied processes the research method chosen for this study was a *case study method*. Case study was chosen since it is said to be the most suitable strategy for “how” and “why” questions, which focus on contemporary phenomena in a real-life context, while the researcher has a minute control over the events. The method also allowed the researcher to maintain the characteristics of real-life events like organizational processes and individual life cycles (Yin 2003, 1–2, 7), which is an important factor when discussing the processes of opportunity identification.

Case study is one of the three traditional research strategies (the two other ones are experimental study and survey study). Its characteristics include focusing on a single phenomenon, an individual or a group and it is interested in researching the individuals in terms of their environment. (Hirsjärvi et al. 2007, 130–131.) The aim of a case study typically is to describe a certain phenomenon (Hirsjärvi et al. 2007, 131), which in this research is the process of identifying entrepreneurial opportunities in adventure tourism.



Yin (2003) however states, that it may be challenging to define the researched case and phenomenon and the boundaries surrounding it.

This study focuses on three Finnish company cases and the aim is to describe and understand the opportunity identification processes of these companies and the possible visibility of different kinds of individual factors in these processes. After analyzing them the aim is to find similarities or differences, which could thus be understood more widely in the context of adventure tourism.

In order to get a wider picture about the opportunity identification processes in adventure tourism, *a multiple-case study method* was adopted. Multiple cases often give evidence, which is considered more compelling, and thus the study is regarded as being more robust. In a multiple-case study all the cases are to be reviewed as separate experiments before analyzing them all together. (Yin 2003, 53–54.) Each of the venture processes studied in this research is the subject of an individual case study, but as a whole the research covers all the three processes and thus uses the multiple case design. The case processes in this specific research are firstly described as individual stories and analyzed separately. Then they are discussed, analyzed and compared to each other and the already existent theories (chapter 7).

### 3.3 Data collection

The next choice, after choosing the research strategy to be a case study, was about the type of the empirical data. In this research, to be able to gather detailed data about the processes, qualitative data was used and it was collected through interviews. There are three categories research can be divided to: mono-method, multi-method and mixed-method. The differences between the methods lie in the range of used empirical data. Mono-method uses only quantitative or qualitative data and collects it for example with a survey or interviews, always in a single way. The methods used in a multi-method research are either quantitative or qualitative, but the data is collected in a variety of ways. Mixed method research uses both quantitative and qualitative data. (Saunders, Lewis & Thornhill 2009, 151–153.) This study is conducted as *a mono-method research* and only used qualitative data.

When choosing the data for the cases, researcher needs to decide the amount of cases needed. No clear answer for this exists and the amount and extent of the studied cases depends on the purpose of the study, the available resources and the time available. Hirsjärvi et al. (2007, 177) state that by researching a single case closely, it may be enough to find out the important meanings in the studied phenomenon. According to Patton (2002, 227) qualitative methods normally produce rich detailed data from a quite small number of cases. The depth of information received and gathered from the cases

may be more important than the breadth and amount of them, depending on the research questions (Patton 2002, 227). In this study the smaller amount and the singular cases are the focus of the relatively deeper understandings of the processes and therefore a big amount of case processes was not justifiable.

There are many sources to collect data for a case study: documents, archival records, interviews, direct observation, participant-observation and physical artifacts (Yin 2003, 83). The process of finding the opportunity and developing a company has already happened, which is why for example observation would not have brought any wanted results.

Interviews are an important source of data in the phenomenon of opportunity recognition, since very seldom the process and its characteristics and influencers are documented, thus the stories lie in the memories of the entrepreneurs (Yin 2003, 89). The strengths of qualitative interviews are said to be the possibility to specifically only focus on the case study topic while collecting data and to get insightful knowledge, which may provide valuable causal inferences. The weak characteristics of interviews may include the bias, which results from poorly constructed questions or the event in which the interviewee only gives the answers the interviewer wants to hear. (Yin 2003, 86.)

In this study interviews were chosen as the method of data collection, because they are the most important source of case study information (Yin 2003, 89) and because the researcher wanted to give the participants of the study the possibility to talk about the process of opportunity identification in their own words. Data collection through interviewing also seemed to be the best possible method of providing the needed data for the research and problem at hand.

While doing an interview, a researcher has two tasks, firstly, to follow the interviewer's own line of inquiry and secondly, to ask conversational and actual questions in an unbiased matter (Yin 2003, 90). Interviews are one of the most usual ways of data collection because of their flexible nature. Based on the interviews, it is possible for the researcher to aim at creating a picture of the interviewees' thoughts, feelings and experiences. During the interviews it is possible for the researcher to find out motives behind the answers and control the information gathering. (Hirsjärvi & Hurme 2001, 34, 41.) The qualitative approach assumes that the researcher and the target are in an interaction with each other, which thus means that the interviewer has an affect on the target. The interview in the end is a result of cooperation between the interviewer and the interviewee. (Hirsjärvi & Hurme 2001, 23.)

Because of the nature of this study and the research questions the interviews were conducted as *theme interviews*. It was extremely important to let the interviewees themselves explain the entire story of the process of identifying the opportunity and describe the important features in the process. The benefit of choosing the theme interviews was

the possibility of going through the specific topics, but still letting the interviewee talk freely about the subjects in hand.

Theme interviews thus focus on particular themes and the interview uses them as a basis, instead of detailed questions. A theme interview has the presumption that individuals have individual experiences and these experiences, thoughts, beliefs and feelings can be studied through this method. (Hirsjärvi & Hurme 2001, 47–48.) In theme interviews, the topics are the same for every interviewee and the interviews are close to being non-structured, and therefore there is more freedom in the formation of the questions. However the interviews are not as free as completely non-structured deep interviews. (Hirsjärvi & Hurme 2001, 47–48.)

All the interviewees of this research were contacted by e-mail personally by the researcher. When conducting the interviews it was made sure that all the topics and themes were covered with all the interviewees. The framework for the theme interviews can be found in the appendices, in the end of this thesis. However the framework only acted as a guideline and some changes had to be made before and during the interviews. The reason for this was the nature of the research subject and the notion that all the processes researched were different and therefore the order or the style of the questions needed to be altered depending on the interviewee and the process in hand.

### **3.4 Presenting the companies**

The purpose of this study is to look at the opportunity identification processes within adventure tourism and the companies and interviewees were selected in order to reach this set goal. Three companies within the adventure tourism field were selected and one of the founders of each company was interviewed. The selected companies were thought to be an interesting variety of adventure companies because they represented different kinds of adventure tourism products, while all of them being an activity in the nature. The focus was on the stories about the specific opportunities, which resulted in companies, which were successfully founded.

The companies Pois Tieltä, Flowpark and TwentyKnots can all be described as adventure travel companies, since all the activities include two of the three adventure aspects, physical activity and interaction with nature (Adventure tourism market report 2010, 2). The attractions are based on an outdoor activity, which requires specialized equipment (off-road vehicles; ropes and harnesses; stand up paddle boards) and feel of excitement is a big part of them (Buckley 2007, 1428). The companies are all based in southern Finland, in Lohja, Turku and Helsinki. All the companies have been founded during different decades and two of the interviewed founders were men, one was a woman.

Table 2 The case informants

Company	Interviewed founder	Founded	Date and duration of the interview	Based in
Pois Tieltä	Paavo Hyrkkö	1999	14.8.2014, 50min	Lohja, FIN
Flowpark	Janne Kalhama	2009	25.8.2014, 34min	Turku, FIN
TwentyKnots	Maria Mikkonen	2012	15.9.2014, 36min	Helsinki, FIN

Two of the interviews were conducted face-to-face and the third as a Skype interview because of the location of the entrepreneur. The interviews conducted lasted approximately 35–50 minutes and two of them were conducted at the premises of the companies, one in Lohja and one in Turku, Finland. The interviews were held on 14.08. and on 25.08. The Skype interview was conducted on 15.09. All the interviews were conducted in Finnish because of the mother tongue of the interviewees. This language was chosen in order to get the best and most valuable content from the interviewees, so that they could explain the entire process in an easy and comfortable way. In this study the direct quotes and the results are translated into English. All the interviewees agreed that their own, possible partners' and their company names could be used in the research report.

### 3.5 Data analysis

Data collection and data analysis are normally presented as two separate processes, even if they actually cannot be separated that clearly. The researcher starts analyzing the data very early in the process, possibly already during the data collection. (Eriksson & Kovalainen 2008, 127–128.) This occurred during the process of doing this research since because of the background knowledge of the researcher about the relevant theories the analyzing and interpreting the data was already happening during the interviews.

The goal of the analysis of empirical data is to create clarity to it and thus produce new information about the researched subject. The purpose is to summarize the data without losing any information, on the contrary, to increase the value of the information through creating something meaningful and distinct from the scattered data. (Eskola & Suoranta 1998, 138.) In this research report the cases are firstly opened and the stories of the identification of the opportunities are told. The research and the empirical data are divided into three subjects: the identification of the idea, the process of realizing the opportunity and the visible individual factors, because in all the three cases these three categories were clearly represented. This way of analyzing the empirical data of a case study is called coding (Eriksson & Kovalainen 2008, 128). Coding means

that the issues and interviews are classified into specific categories and are given a specific theme. In this research these themes were based on the empirical data collected through interviews and the wider themes found in all of them. Coding is said to be an inductive-oriented approach of analyzing data and the themes or codes derive from the data collected. In this research, the themes however also represented some of the theories presented. When using the inductive based coding, it does not prevent the use of concepts from the prior theories in the analysis of the data (Eriksson & Kovalainen 2008, 129).

The visible individual factors analyzed in this research are based on the factors represented in the theory and recognized by Ardichvili et al. (2003). However it was noted during the research, that these factors are not the only ones visible in the entrepreneurial processes of opportunity identification, but there may be also other factors found, which are visible in adventure tourism processes. Therefore the analysis not only focused on the theoretically set individual factors, but also on the other possible visible factors.

In this research the multiple cases were firstly narrated as stories. It has been argued that storytelling should only be a small part of a case study report (Eriksson & Kovalainen 2008, 131). In this research the narrative story telling is therefore only used when describing the processes of the individuals identifying the opportunity and founding a company.

After describing the processes, the cases were analyzed separately in detail, without the influence of the other cases. According to Eriksson and Kovalainen (2008, 130), this is called within-case analysis. This phase was then followed by a cross-case analysis, in which the cases were compared. Similarities and differences between the cases were found and analyzed in relation to the context of adventure tourism and the previously presented theories.

When analyzing a case study the researcher should stay open to interesting and possibly new things. In order to do this the researcher should know what other researchers have said and through that it can be known what is interesting and new. The emphasis is thus on interpretation made by the researcher, when looking into the findings and the existent theories. (Eriksson & Kovalainen 2008, 120.) In this research some new aspects were found about the processes and the influence of the individuals in the processes, which were not evident in the existent theories. In a case study the empirical findings, the theoretical ideas and the prior research should be all the time intertwined (Eriksson & Kovalainen 2008, 120).

## 4 A LUCKY INCIDENT

### 4.1 An adventure park

#### 4.1.1 *Flowpark Oy*

Flowpark was founded by Janne Kalhama and Antti Puro in 2009. It is an ecological adventure park, the first of its kind in Finland. The company has built a climbing park in which the tracks are built in trees and the adventurers follow those tracks with harnesses on. There are many different levels of climbing tracks, of which the highest are located as high as about 20 meters. There are also lower ones and the park is meant for anybody aged seven and older. The different kinds of climbing tasks include for example swings, lianas, cable slides, rocking car tires etc. (Flowpark Oy 2014).

Janne Kalhama and his entrepreneurial partner Antti Puro opened the first climbing park in Turku in May 2010 and later in 2012 a new park was opened in Lappeenranta. In addition to these parks the company has had a couple pop-up adventure parks and a few franchised climbing parks. The customers consist of private people, school groups, company outdoor days and stag dos. In the park in Turku there are about 20 and in Lappeenranta about 10 employees, but only in the summer during the higher season. Janne Kalhama himself and another employee, the ‘Queen of monkeys’, are the only ones working for the company all year-round. The owners have made conscious decisions to invest significantly in the new parks and marketing activities, which, according to Janne, has been one of the main reasons why the company is still viable. (Janne Kalhama, interview 25.08.2014.)

The founder and the ‘King of monkeys’ Janne Kalhama is now a 45-year old family man and an entrepreneur. Before ending up as an entrepreneur Janne worked as a cook for ten years. Later he studied to be an interior designer and worked as a project architect for another ten years. According to himself, he has always been an active person and loves extreme sports. His hobbies consist of climbing, skiing, free skiing and hunting. Especially climbing has become one of his favorite sports after founding the company. Janne’s present partner, Antti, has a master’s degree in business administration and is an asset for the company, since he understands the business point of view. Antti is however not part of the operative activities of the company, but makes sure in the background that the business works and is profitable.

Janne had an own trade name when working as an architect. But he has never thrived for being an entrepreneur and starting his own company for real. According to Janne

there was always some talk about opening an own restaurant with his friends when he was a cook, but those ideas were never developed further.

#### **4.1.2    *The eye opening event***

While still working as an architect, Janne was on a business trip in Switzerland with a group of 10 other architects. One afternoon during the business trip the whole group was told to take outdoor clothes with them to go on a small excursion. They were brought to a tree climbing adventure park in Germany. In the group there were two architect ladies in their fifties who, after seeing the place, started to complain. They were astounded that they were brought to a place like that. The rest of the group put their gear and harnesses on and started climbing, while the hosts finally got the ladies to try it out too. After about 15 to 20 minutes these two, earlier frustrated, ladies started telling the others from the height of about seven meters that they had never done anything that fun and they never want to leave the park.

This was the thing that Janne needed to hear to get an idea.

*Then something just clicked. If these two women loved this and this fast, there has to be something worthwhile in this concept. And since I have myself exercised and had a lot of hobbies, therefore probably, if the women would not have acted the way they did, I would have had a fun afternoon in the park and would not have thought about it any more. So... when we came back, there was this kind of a spark. (Janne Kalhama, interview 25.08.2014)*

For Janne, the idea was a sudden realization. The only thing at the moment of the discovery, what Janne needed, was the trigger of the two women and their successful experience at the tree-climbing park in Germany.

#### **4.1.3    *In search for a partner***

Now Janne had the idea of an adventure park, but the idea still needed to be developed into a real opportunity. So after getting this initial spark, Janne started to look into the matter slightly more seriously. He created a document in which, during putting his children to bed, he wrote down the ideas and things that came to his mind during the day about the climbing park concept in Finland.

From the beginning on Janne was wondering if this all would make sense, if it would provide him his living and if it is a healthy business or not. But while gathering more

information about the possibilities of founding a climbing park, an adventure park in Finland, it seemed more likely that this all could happen.

*I didn't decide that this (idea) will turn into something but I wanted to believe in it that it makes sense... I wanted to believe it that this will turn out as something. (Janne Kalhama, interview 25.08.2014)*

He did not only believe in the idea and its possibilities but he also knew he loves to work and loves dealing with people. A customer-focused job would not be a new thing for him.

Janne mainly found information online about how the idea could be turned into a company, what is needed when founding a company and simply information about entrepreneurship. He contacted his friends who had experience in entrepreneurship and entrepreneurial actions and the friends who even slightly had some experience in a similar field as climbing parks.

*I luckily have a wide circle of friends, and many good friends I can trust and with whom I can basically talk about anything. So in the beginning I did bother my friends and family quite a bit. (Janne Kalhama, interview 25.08.2014)*

After pondering the idea for a year, Janne thought he had enough information and knowledge about the state of the adventure tourism market and the existence of the demand. Already at this stage Janne knew that he wants to build everything himself. In the world there are quite a few companies who sell climbing parks as a package deal, but Janne wanted to create his own park from the beginning to the end. That was the toughest part of researching for information.

*In the beginning, mostly because of my own job background, I wanted that we execute everything ourselves from the beginning to the end. We plan this ourselves and build it ourselves. (Janne Kalhama, interview 25.08.2014)*

When Janne had enough knowledge to start pursuing the opportunity, he realized that in order to do that, he wants a partner to discuss all the plans with. Janne is not from a rich family and does not have “hundreds of thousands of euros on the back account” (Janne Kalhama, 25.8.2014), which, according to him, made him not have enough courage to found the company by himself.

*I wanted a partner with whom I could really think things through. Or in fact the other reason was that if I would have done everything by myself, I would have*



*made a lot of wrong decisions along the way. That's when I realized I need at least one partner. (Janne Kalhama, interview 25.08.2014)*

After realizing this, he bumped into one of his best childhood friends. They had not seen each other in years before that and decided to catch up. The two former best friends ended up talking about the idea, because Janne thought he could get some advice from him. The friend became extremely excited about the possible opportunity and wanted to be part of it. Three to four months went by pondering and discussing possibilities, until Janne had to put a stop to it all. The friend of his started to have impossible visions about the company before the company even existed. Calling it quits with his friend ended up them not being friends anymore and Janne having to deal with almost a half a year setback. Again he was by himself with his idea of a company.

Later Janne contacted a former colleague concerning the idea. He had studied sports and had always been interested in extreme sports and thus grew excited about the idea Janne had. With him Janne again pondered the idea further for a half a year and in the end everything was agreed, even the financial side. The former colleagues were supposed to go to the bank on a Monday to write the contracts for a loan, but on Sunday afternoon Janne got a phone call from this partner, who said that he got cold feet and is out. Janne was back in the square one again.

Janne and the present partner Antti used to be in the same group of boy scouts when they were young but were never good friends with each other. Later both the men lived in the same apartment block and influenced in the board of the condominium where they got to know each other better. Antti had read in the local magazine that Janne had applied for renting the premises of the present Flowpark and Antti was interested what Janne had in mind. This happened when the former colleague of Janne's was still in the process so Janne could not promise Antti that he could step in too. Later when the former colleague dropped out, Janne called Antti to ask if he is still interested. They finally agreed to start the company together. In the end it took Janne about two and a half years to finally start the business after discovering the idea.

Janne focused on planning the tracks, the park itself and their concept and brand when the partner Antti took over the business part and all the financial aspects. The two do not want to remain where they are, but want to develop the company further through planning new things and opening new parks. Janne said to be much happier now, than when being an architect.

*If someone wants to become an entrepreneur, one has to think the possibilities through realistically. (...) It might actually have been good that I had the setbacks. And entrepreneurship is damn fun, as long as you are doing fine. (Janne Kalhama, interview 25.08.2014)*

## 4.2 Discussion

### 4.2.1 *Idea discovery and opportunity search*

The entire process of identifying the opportunity started as a lucky incident and as an idea discovery process in which the individual himself played a significant role. Without the specific individual and the specific event in Germany, Janne might have not identified and discovered the possible opportunity. However in this case there was no plans to deliberately search for an opportunity, the realization of the idea thus only happened based on an event and on the individual himself.

According to the theory of discovery, the entrepreneur needs to look for the opportunity actively in order to discover it (Alvarez & Barney 2007, 11). However Shane (2003, 23) has stated that no deliberate search is needed for idea (opportunity) discovery. Also Alsos and Kaikkonen (2006) have identified the discovery process as a process of identifying an objective idea (opportunity) without any deliberate search.

Opportunity identification is an ongoing process, and not a sudden ‘eureka’ experience, according to Singh et al. (1999, 658). However in the case of Flowpark, the idea itself was discovered by Janne as a sudden realization but he needed a full year of work researching and the help of social networks before it could be turned into a more developed opportunity. This information seeking and knowledge acquisition period took a long time and it was vital for the process to develop. Janne was able to find information, which already existed but since the idea and the opportunity were carried out in a new environment, some knowledge and information could only be created by the actions of the entrepreneur later in the process.

As stated in the theory, the opportunity generation process may start as one kind but might change along the way to another type of process. After Janne had already discovered the idea in Germany, the process moved from opportunity *discovery* into opportunity *search* (Alsos and Kaikkonen 2006), since after the unexpected discovery of the idea, Janne, with the help of the partner, identified the opportunity through a process of deliberate, active information search. Based on these the opportunity may be said to have had existed objectively in the environment just waiting for the right individual to discover it.

According to Alvarez and Barney (2007, 12), when discovering an opportunity, a lot of time is spent on developing a business plan before founding the company. It took two and a half years before the company in the end was founded. The search for knowledge and information and later the search for a good partner were time consuming, but in the end vital in the process.

Even though the opportunity may be said to have been objective in the beginning, it included a lot of individual creation, since according to Janne (interview 25.08.2014) they wanted to do things their own way. For example Ward (2004) has argued that creativity is one of the most important characteristics of entrepreneurs in the process of searching for opportunities and implementing ideas to create new ventures. Janne had to be creative in order to pursue the dream of founding the company.

It seems that in this case of Flowpark it is, in the end, hard to define when the opportunity itself was recognized and was found since it was in a constant mode of change after Janne discovered the idea of it. Sometimes it grew bigger, sometimes it seemed smaller and took steps backwards, but in the end the creative work of the entrepreneurs combined with the existent and objective opportunity, was the deal breaker. In the end the opportunity can be described and known to exist only after the company was founded, which, in theory, actually refers to the process being a creation process. Thus the process was mostly characterized as a process of discovery but it also, quite clearly, involved a lot of creation and aspects from the theory of creation of an opportunity.

From opportunity search, the process moved on to a development phase, in which the business was also started. The entrepreneurs continued seeking and creating for information and knowledge and used the previous knowledge created by them as a basis. The entrepreneurs are constantly looking for new possibilities to widen the opportunity already in use. Thus they have ‘used’ the original idea and opportunity, but through their own creativity and information search it can still be developed or they can find new possible opportunities.

#### **4.2.2 *Emphasizing social networks***

In order to discover the objective opportunity and get that aha-realization, different factors are needed, which trigger the start of the process. No deliberate search was required to discover the initial idea and based on the theories, entrepreneurial alertness is needed in order for this to happen.

In the process of a sudden lucky incident of idea discovery, the social networks were clearly emphasized by the interviewee, since he refers to the two ladies, the architects, as the source of the idea. Social networks are said to be the source of a variety of possible ideas (Reese & Aldrich 1995, 91) and weak ties, which these ladies were for the interviewee, the source of novel information (Nelson 1989, 380).

Social networks also act as a source of knowledge and effective changers of information (Baggio & Cooper 2010, 1758) in the process when searching for a possible opportunity. Janne used his circle of friends and his family as a resource when acquiring

information about entrepreneurship in general and more specific knowledge about the field of the idea.

Later, before the founding of the company, Janne decided that he needs a partner in the process so that he can discuss all the plans and make decisions with someone else. At this time he doubted himself if he can make the right decisions on his own. Therefore he searched for a partner, which was in the end difficult to find. However when finally found, according to Janne, the partner resulted as being crucial to the process because of the business knowledge he possessed. According to de Koning (1999, 13) a partnership is the closest relationship an individual has while identifying an opportunity. In the interview it was distinguishable that Janne wanted and needed a partner in order to bring the process further from the stage of planning.

It is stated in the theory that the individual's prior knowledge such as the person's interests, hobbies and jobs contribute to the process of opportunity identification (Ardichvili et al. 2003). The interviewee himself perceived his own hobbies and interest towards exercise and towards a variety of sports as an evident contributor why he discovered the idea and why it seemed viable to him. The field of the opportunity and the idea is the same, adventure sports, as what Janne has been doing himself for years as a hobby.

Janne wanted to execute everything concerning the idea by himself, since that is what he has always done in his previous jobs. This was emphasized during the interview by the interviewee himself, that all the planning and designing needs to be done by themselves and the opportunity should therefore be made to reflect his own abilities.

Prior knowledge about customers has also been found to influence the process (Ardichvili et al. 2003). In this case not only was the knowledge about customers visible through Janne's previous jobs and hobbies but he also mentioned that he loves working with people in a customer-centered role, which later when founding the company, is crucial.

After founding the company Janne and his partner divided their tasks depending on their backgrounds and they continuously want to develop the business. Based on this and the entire interview, one element which was clearly evident and visible, was that Janne enjoys what he is doing, personally loves the thrill and excitement what the entrepreneurship and the company's adventure park offer and has a lot of fun doing it. He trusts himself, his partner and his employees and is genuinely interested in developing the opportunity and the business further.

Optimism and trust in oneself were also found to be visible in the process. Already from the beginning on the founder wanted to believe that this all would make sense and therefore trusted the idea and himself and his abilities before and during the process.

### 4.3 Conclusions Flowpark

Summing up, the development path of Flowpark included both discovery and creation elements. Based on the taxonomy of Alsos and Kaikkonen (2006) the process was mostly influenced by the opportunity discovery, moving on to opportunity search, since the opportunity itself was mostly objective of nature. However the entrepreneur himself is a creative person and the individual's own creativeness was visible in the process. The opportunity may now, *ex post*, be said to be a result of an objective part and a subjectively created part. These phases of the development process, the activities of the entrepreneur and the important influencers are depicted in the table 3.

The visible individual factors varied depending on the phase the opportunity recognition process was in. In the idea discovery phase the weak social ties were clearly distinguishable, since without them the process would not have started. According to Gaglio and Katz (2001, 96) entrepreneurial alertness is needed when discovering opportunities without any deliberate and active search. The entrepreneur himself distinguished the contribution of his own background of hobbies, interests and jobs to the alertness and the process of idea identification.

After discovering the idea the elements contributing to the process moved on towards acquiring new knowledge and information, which is always based on and interpreted through the individual's prior knowledge (Shane 2003, 50–51). This phase included opportunity search, realization of the existence of the objective part of the opportunity and the creation of it.

The entrepreneurial activities in this phase included the search for a partner and learning from all the possible partners. Information search was also done through weak ties of the entrepreneur and the entrepreneur himself based his willingness to create everything himself on his previous jobs. Knowledge about customers was distinguishable and optimism, trust in oneself and enjoyment could be seen throughout the interview. Trust in oneself has also been noted to be one of the most crucial factors in the process of entrepreneurial opportunity identification (Singh & Venkataraman 2000, 223).

When moving on to the opportunity development phase, the business was started but the opportunity did not stop developing, since the entrepreneurs are continuously looking for possibilities for growing the opportunity. The partner and the employees are clearly helping in this process, which is still connected with the optimistic attitude of the entrepreneur himself.

Table 3      The phases, activities and emphasized factors in the opportunity identification process of Flowpark

Phase FLOWPARK			
	Idea discovery	Opportunity search	Opportunity development
Activities	No deliberate search Sudden discovery	Information search Creation	Business formation Continuous development Information search
Factors	Weak social ties Hobbies, interests Jobs	Partner(s) and weak ties Jobs Customer knowledge Optimism and trust Enjoyment	Partner and action set Optimism Enjoyment

## 5 IN NEED FOR A VIABLE BUSINESS

### 5.1 An off-road driving company

#### 5.1.1 *Pois Tieltä! -safarit Ay*

Pois Tieltä! was founded by Paavo Hyrkkö and his friend Juha Hillebrandt in 1999. Pois Tieltä offers off-road driving with four-wheel drive vehicles on uneven terrain on designated tracks. The company is based in Lieviö, Lohja at a farm owned by the founder. The main target customers of Pois Tieltä are companies, and Pois Tieltä organizes them mainly daylong events. These events commonly include the company's own meeting at the Pois Tieltä's newly renovated meeting room, the main event of four-wheel driving including all the needed gear, teaching, trial track and approximately two hours of driving and in the end a sauna and food. The program of the day is though dependent on the customer. The company also organizes transportation both ways for the customers. The driving can be made by off-road vehicles like jeeps or quad bikes.

The company is introducing a new product this fall, a rally track and the possibility to drive with a rally car. Even though companies are the main target group of the company, also schools and different kinds of groups of people organize birthday parties and stag dos there. Pois Tieltä also gives the possibility to come and try out the off-road driving even as an individual customer by organizing open "driving days", in which one does not need a big group of people.

Pois Tieltä -company is run by the founder and the CEO Paavo Hyrkkö himself and at the moment the company does not have any directly hired employees. There are approximately 10 people working at the company but they are individual workers who work for Pois Tieltä through their own companies. At the moment the company has 12 two-seated quad bikes and the aim is to always have 10 working jeeps.

Paavo Hyrkkö is now a 48-year-old entrepreneur running the business full time. He grew up in an entrepreneurial family, which took care of a farm in Lohja and later became the owner of the same farm. During his life and during working, Paavo has acquired a wide range of different kinds of formations. He has a vocational qualification in business and administration and has completed a follow-up course in international trade. Paavo is also an agricultural technician and a qualified ski instructor. While running the Pois Tieltä -company he has also found time to acquire a degree program in tourism and a specialist qualification of entrepreneurs.

The crop farm Paavo owns has been his main job for the past 25 years. During the first ten years owning it, he worked in Lapland as a ski instructor for the winters and in

Southern Finland at the crop farm for the summers. In the 1990's he was also working in southern Finland for a few different adventure tourism companies, which offered a variety of events for companies. Paavo was organizing adventurous events through these companies as a private entrepreneur. In the south the events were mostly about abseiling (descending down a rock or a building using a rope). Later on he started organizing events for companies also in Lapland. At that time companies used to have company-owned cottages in the north. With the ski school Paavo sold these companies events including especially skiing but also hiking and abseiling. Skiing has always been a big part of Hyrkkö's life, and the job as a skiing instructor has been his only job as a paid labor. Otherwise he has always worked through his own firm as a type of a freelancer. Two-wheelers have also been a subject of his interest.

Adventure and events related to it have always been part of Paavo Hyrkkö's life and according to him, he did not exactly choose them, but simply ended up doing the work he did before founding the company. Paavo has organized a variety of different kinds of events and has almost always worked for himself and not as a paid labor. This is partly due to his entrepreneurial parents and the entrepreneurial surroundings he grew up in. Entrepreneurship has never been a scary thing for him, in fact totally the opposite, a natural way of working and earning ones living.

### 5.1.2 *Solving a problem*

The basic problem Paavo Hyrkkö had when he bought the farm from his parents was that it would not provide him with adequate income. He would need to have another way to earn money and getting a paid job was not an option.

*I have grown in an entrepreneurial family, so that's why it (entrepreneurship) didn't feel weird. It felt like a natural solution. (Paavo Hyrkkö, interview 14.08.2014)*

Paavo already had the resource, the land, for anything innovative so what he wanted to do was something with the already existent farmland. He was actively trying to find a solution in which way he could earn income by using the resources he has. One of the ideas he considered as possible was to start a stable because he is used to being with farm animals. But after considering it for a while, it seemed too restrictive, too costly and the sales margins too low.

As described before Paavo has been part of the adventure tourism field and event organizing for a big part of his life, but he never planned it.



*Well I haven't purposefully oriented myself towards it (event organizing), but I just somehow drifted to it. (Paavo Hyrkkö, interview 14.08.2014)*

While he was still working winters in Lapland, summers at the farm and organizing events for firms through a few different adventure tourism companies, he was on a trade fair trip with a farmer's society and talking with his friend about the possibilities he could have with his farm and the land there.

During this time there was an adventure boom and many different kinds of adventure tourism companies were founded. The basics of Paavo's idea derive from the fact that the adventure tourism companies Paavo organized events for, owned a few Hummer cars.

*One of the adventure tourism companies (I worked for) had Hummer cars, these American style off-road vehicles. One of their products was that customers could drive with these cars. But not off-road, just drive. I had been developing that a bit further. It would be possible to drive those cars also off-road. (Paavo Hyrkkö, interview 14.08.2014)*

A friend of Juha's, a photographer, was interested in off-road vehicles and used to photograph Camel Trophy -competitions. Camel Trophy is a vehicle-oriented competition organized in a variety of countries around the world. The competitions and adventurous expeditions were organized between 1980 and 2000 and the main purpose was to drive on challenging terrain with off-road vehicles. (The Camel Trophy.) This photographer had been talking with Juha and tried to get him to found a company including the use of off-road cars.

These two aspects, of Paavo's own pondering of off-roading and the friend of a friend's suggestion of doing something with off-road vehicles, resulted in getting the idea of using the land he owned to create a place, where companies could come and drive off-road.

### **5.1.3 Farm as the most important resource**

At this stage there were no similar companies in Finland, but a few in England. The previous knowledge and the boost from an off-road enthusiast friend got Paavo and Juha to really start talking about the idea of a company offering the possibility to drive off-road vehicles on hard terrain.

Paavo had never driven an off-road vehicle before, so the whole sport was new to him. The two friends decided to look into the idea if it would be possible and viable to

actually execute. The important resource was the farm owned by Paavo, which could be used to create the driving tracks. Paavo had a lot of contacts to customers from the time working in Lapland and he used those as a basis of finding out what people would think about the idea.

*I had some contacts to clients, because of the time when I was in Lapland. I introduced this idea to them, how it sounds like if we'd start doing something like this. And almost everybody said that it sounds good. (Paavo Hyrkkö, interview 14.08.2014)*

Before starting to execute anything and because of the lacking knowledge about off-road cars Paavo and Juha also consulted some off-road enthusiasts about the idea and tried to find information through surfing in the Internet. At that time, in the end of 1990's, there was not that much to be found online.

One fact especially, which made the idea worth considering, was the farm's closeness to Helsinki. From Helsinki it only takes about a half an hour to get to Paavo's farm and most of the companies, which would be the target customer group, are based in the capital. Thus the customers would not need to go far to find a great place to have a company day out. At this point it was extremely helpful that Juha, the other founder of the company, was a corporate consultant with whom Paavo made calculations about the profitability and the price of the offered product.

As Paavo said, new farmers normally cut all the trees at the farm to earn money. So did he. Therefore he already had some tracks on his premises because of the forestry machines, which they could use as the basis of the driving tracks. Paavo's and Juha's off-road enthusiast friends planned the tracks, but they ended up being too difficult for people who have never driven an off-road car, let alone a car off-road. The tracks had to be made easier.

Before the business could start, the two needed off-road vehicles. Luckily, everything seemed to fall into place and a company specialized in off-road vehicles and the construction of them moved to the neighbor of the farm. Paavo and Juha bought their first three off-road cars straight from them.

This entire process only took less than a year. The idea was created during autumn, the first dirt tracks during the winter and after buying the first three cars they could start the tests and trial driving. The price of the product was estimated on the basis of what the costs are, how much use there is for the cars within a year and how high the maintenance costs of the vehicles are.

After this, how the business started, was that the founders contacted their friends and acquaintances, especially the ones Paavo knew through the times as a skiing instructor and company event organizer. The customers then contacted the entrepreneurs if they

wanted to drive off-road and Paavo and Juha organized it so that one of them would be there to instruct and guide the customers. At this time they were both working on the company beside their regular jobs, Juha as a corporate consultant and Paavo as a farmer and adventure event organizer. Later the word spread and the amount of customers grew. According to Paavo good customer service was the basis of everything.

*The most important thing in these kinds of things is that you have to know how to be with those people (customers) and after that comes everything else. (Paavo Hyrkkö, interview 14.08.2014)*

Paavo and Juha started the business by mainly organizing off-road driving for company groups. Slowly they continued to develop the company and the events towards the way they are now. Arranging the possibility to go to a sauna after driving and have dinner before leaving. They realized that while most of the customers are companies and their employees, the people would not have needed gear with them, so they started to buy proper clothing and boots for their customers to use and through this developed the company further.

In order for the entire process to happen Paavo needed to believe in his plan.

*(...) when I was younger I just had this strong belief in my own abilities and thought that everything will work out. That is one of the prerequisites of entrepreneurship that you have to believe in what you do and believe in yourself. (Paavo Hyrkkö, interview 14.08.2014)*

## **5.2 Discussion**

### **5.2.1 Creation based on information search**

In the case of Pois Tieltä the idea of the opportunity was based on a problem the individual had. He wanted to use the resource, the farm and create something, which would bring him more income than basic farming. The opportunity itself may be said to be a mixture of creation and discovery, since it was not fully an innovative, individually created new idea, but instead it existed in another environment and thus different pieces of information 'only' needed to be combined and interpreted subjectively.

The identification of the idea happened through a process of deliberate and active search of information. In the taxonomy of Alsos and Kaikkonen (2006) the activities of the entrepreneur may be said to lay in between the opportunity creation and opportunity

search, since the way the idea was identified includes characteristics of both of the categories. According to the creation category (Alsos & Kaikkonen 2006, 305), the possible opportunities are actively searched for and mostly related to the areas in which entrepreneurs have experiences, in this case event organizing for companies. And according to the search category (Alsos & Kaikkonen 2006, 304) active search is involved but the possible opportunity is considered as being already existent.

It has been said that an opportunity is not known until the individual has acted upon the belief that the opportunity could really exist (Alvarez & Barney 2007, 14–17). Paavo believed that the idea of an off-roading park could be turned into a viable and successful opportunity. Thus in order to develop the idea into an opportunity Paavo needed to find out if there was enough demand for the service and if the costs would not be too high to make the company profitable.

Again he was using the opportunity search activities by Alsos and Kaikkonen (2006, 304) since now, *ex-post*, it may be said that a small opportunity was existent in the environment because some demand was found. Mostly however, the process of developing the idea into a valid opportunity included opportunity creation activities. Thus when Paavo started actively looking for information, networks and the ways of executing the idea, the process also moved to the other phase, opportunity creation, which is strongly influenced by the entrepreneur's own abilities and actions (Alsos & Kaikkonen 2006).

According to Timmons (1994, in Singh et al. 1999, 659–660) the creation of a successful company is based on the entrepreneurs themselves, the resources needed and the opportunity recognition, and it acknowledges the importance of timing. After Paavo realized that the product would have demand, the two partners started to create the company through using the resources they already had. Good luck played a significant role in the process, since the company selling off-road vehicles moved to the neighbor exactly at the right time.

This process beginning from the active search, moving on to the identification of the initial idea through search and creation activities and finally into a modest opportunity involved a lot of work. According to Alvarez and Barney (2007, 16) the decision context in a process of creation is uncertain, since the company has to be started with only limited amount of information. The entrepreneur may be able to collect a bit of information, but never enough, since the information and knowledge needed to know the end results does not exist yet. Thus the founders had to found the company only with the information they had about the field, the rest had to be created by themselves through actions. Paavo and Juha thus founded the company and started selling the event the companies as a secondary job after acquiring all the needed resources and all the information, which was possible to acquire.

As Ardichvili et al. (2003, 108) state, opportunities start unformed as modest concepts but can be developed into more elaborated plans. And this was the case with Pois

Tieltā. The company was founded as a modest concept of only simple driving, but through time was developed to cover different vehicles and tracks and in the end resulted in a daylong event.

Therefore it may be said that the opportunity did not exist independently of the individual in the environment generated because of a shock, but was created to exist through the actions of starting the business and reactions to the customers of the specific entrepreneur. Also, according to the opportunity creation theory the entrepreneur constantly observes and learns during the creation process (Vaghely & Julien 2010, 73), which is an important factor Paavo has been doing during the entire life cycle of the company.

Entrepreneurs do not search for the opportunities, they act and learn from the customers, consumers and the markets (Alvarez & Barney 2007, 14–17). During the evaluation and slowly starting the venture, also the opportunity itself was developed. Opportunities are not a steady phenomenon, they develop and change over time and even though the company has already been founded and it has been running for 15 years, there are all the time new opportunities to be created to develop the company even further.

In the case of Pois Tieltā, it is impossible to say when the opportunity emerged and when it was actually found. But in the end the opportunity was created slowly through the actions and reactions of the entrepreneur himself, step by step as a continuous learning process, and not as a sudden realization of a specific offering. It has been said that the ‘end’ or the ‘result’ does not occur and cannot be seen before the creation process has unfolded (Alvarez and Barney 2007, 14–17). In this case the creation process is still continuing in the form of opportunity development. The entrepreneur is still constantly looking for new information and new offerings, which he can execute on his farm. By bringing new activities to the farm he is expanding the found opportunity always further.

### **5.2.2 *Prior experiences and lucky incidences***

The recognition of the idea was the result of a longer deliberate search of an opportunity and search for information. The idea was not a sudden ‘Eureka!’ experience but rather a slowly evolving thought, which needed the right components. The reason why the individual started the entire process of searching for an opportunity was based on the life situation of the entrepreneur, in this case the necessity of obtaining more income, which is stated by the entrepreneur himself and is apparent in the story itself.

According to Shane (2003, 50–51) individual’s prior knowledge affects his possibilities to identify opportunities and influences the ability of a person to find solutions to

problems. Paavo was widely educated and he was experienced in event organizing, extreme and adventure sports and company customers through his previous jobs as event organizer, skiing instructor and farm entrepreneur.

The wide knowledge base was visible in the idea generation and search process, since one of the elements Paavo mentioned, was his knowledge about the other adventure tourism companies and their products and events. One of these events also triggered Paavo's idea. These already found opportunities are said to be a source for individuals to gather more information in order to find new opportunities (Ucbasaran et al. 2003, 253).

Social networks were visible in all the phases of the process. The idea Paavo had was boosted further by the friend, a strong tie, and the friend of a friend, a weak tie, from which novel information is mostly gathered (Nelson 1989, 380). Ozgen and Baron (2007, 175) have found informal industry networks (previous customers, suppliers etc.) to be an important contributor when identifying opportunities. Paavo's prior jobs and experiences were the source from which Paavo and his partner gathered information about if the idea would really work for customers. They also used external social networks to gather information about the specific aspects of the opportunity such as supplier relationships and overall markets. It was also emphasized in the interview how much help Paavo gained from having his partner, because he was a business consultant.

Paavo knew about serving the specific customer group and had been teaching company groups before. According to Shane (2003, 53–54) founders of new companies are more likely to serve a similar group of customers than in their previous jobs and with a similar product or service, which happened in the case of Pois Tieltä.

What comes to personality traits, creativity was visible as an activity in the process when developing the opportunity further. Optimism, however, was visible during the entire process of opportunity identification. Paavo himself emphasized the notion that he believed in his own abilities and had a vision that everything will work out. Liang and Dunn (2011, 99) have stated that optimist individuals have higher expectations about the outcomes of the tasks they take up and make more progress towards set goals. Paavo believed that he can achieve the goals.

In this case pure luck was clearly a distinguishable feature in the process, when an off-road vehicle company moved next to the farm and the first cars could be acquired from there. The location of the farm was also pure luck, if it was not acquired for the purpose of organizing events for companies, it was acquired for farming.

It is visible in the interview and in the story that Paavo is passionate about entrepreneurship and entrepreneurial actions, which are his way of life, as well as extreme and adventure sports. Event organizing is something he has always done and the enjoyment of teaching company groups is clearly visible in everything he does.

### 5.3 Conclusions Pois Tieltä

The development path of Pois Tieltä included active search and discovery, but anyhow mostly creation elements. Based on the taxonomy of Alsos & Kaikkonen (2006) the process started as a mixture of idea creation and discovery after which it moved on to be mostly opportunity creation, during which time also the company was already founded. The entrepreneurs themselves thus mostly created the opportunity subjectively and later, after founding the company, the idea was developed into a much bigger daylong event, based on the needs and wants of the customers. These phases of the opportunity identification process, the entrepreneur's activities and the influencing contributors are depicted in the table 4.

In this case of Pois Tieltä the activities of the entrepreneur and the factors in the process differed depending on the phase the process was in. In the first, idea creation and discovery phase, search and creation were the basic activities. In this phase the basic problem and the life situation triggered the start of the process. The individual's prior hobbies and jobs and his off-read enthusiast friends were clearly emphasized when searching for the idea.

After discovering the idea the individuals had to start searching for relevant information and they used their social networks and prior customers to do this. In the creation phase of the opportunity, the entrepreneurs realized the value of the location of the farm and were lucky enough to be able to acquire the first vehicles from their neighbor and were able to start the business. In this phase, the entrepreneur's trust in himself, in the opportunity and in the actions he was making, was distinguishable.

After the company was founded, the opportunity grew along with the customers' needs and wants and through acquiring co-operation partners, since the opportunity identification is a continuous path of learning (Rea et al. 1999, in Puhakka 2007, 23). It was visible that the entrepreneur gained knowledge during the process and used this knowledge later when developing the opportunity further. The passion and the enjoyment towards the company, entrepreneurship and the offering were also evident in the process.

Table 4      The phases, activities and emphasized factors to the opportunity identification process of Pois Tieltä

Phase POIS TIELTÄ			
	Idea creation/ search	Opportunity creation	Opportunity and company development
<b>Activities</b>	Deliberate search Creation Discovery	Information search based creation Firm formation	Information search Continuous development Creation
<b>Factors</b>	Basic problem Life situation Partner and weak ties Hobbies, jobs	Partner and weak ties Luck Optimism and trust Enjoyment	Weak ties Prior knowledge Optimism Enjoyment



## 6 TURNING A HOBBY INTO A BUSINESS

### 6.1 SUP-boarding and windsurfing

#### 6.1.1 *Twenty Knots Oy*

The company Twenty Knots was founded in 2012 by three siblings Maria, Joel and Paul Mikkonen, from whom Maria Mikkonen, the oldest of the three, was interviewed. TwentyKnots has been a limited company since 2014 and it offers its clients experience and education services, sports activities and also digital services such as photographing and content production. The main sports activities of the company are windsurfing and SUP-boarding or stand up paddle boarding.

TwentyKnots organizes different kinds of courses and trips and in addition to those rents stand up paddleboards and windsurfing boards. The courses start from total beginners, so anyone can join. For example one of the early-morning trips combines SUP-boarding and a breakfast. (TwentyKnots 2014.) TwentyKnots operates only during the summer season from end of May to approximately end of August. In addition to the three owners the company has one full time employee and about nine SUP and windsurfing instructors (Maria Mikkonen, interview 15.09.2014).

The 26-year-old co-founder Maria Mikkonen is on her sixth year at the Aalto University of Helsinki and School of Economics. She did her bachelor's degree in Mikkeli with a major in international business and minor in marketing. She is finishing her master's degree soon in international design business management and had creative sustainability as a minor. According to Maria her passions include a combo of three aspects: business, arts and experience sports. Because the company only runs during the summer, it leaves the three siblings time to study and work during the rest of the year. At the moment Maria is writing her thesis and studying arts in a community college in Kuusamo. The other founder Joel Mikkonen, born in 1991, studies information networks in the Helsinki University of Technology and the third one, Paul Mikkonen, born in 1992, studies packaging and brand design in Lahti.

Maria has worked in a variety of different jobs. When she turned 18 she became a trained skiing instructor, which she has been doing during winters and she has worked for Suunto as a part of an environmental project. Maria also worked at a tennis center as a receptionist and has been giving tennis lessons to children. After she finished school she worked as a school assistant in a class of students with special needs and was an instructor in summer camps for disabled children. Maria has been helping her mother in

marketing and design at an interior design company her mother founded. She has also worked as a sales coordinator at Rovio mainly doing marketing communications.

Maria has always done a lot of sports especially outdoors, for example running, biking, freestyle skiing, snowboarding and surfing. It was her dad, who introduced windsurfing to the children and got them interested in it. Later on Maria and her brothers have been also teaching windsurfing.

Entrepreneurship was something in which Maria simply ended up. She has always loved to organize events for her friends and has been the one who coordinates happenings.

*I always ended up being the one to plan this and that to my friends. Acting as a coordinator was natural to me and I always planned trips to forests or a brunch for friends. I've always been doing something, never knew how to stay still. (Maria Mikkonen, interview 15.09.2014)*

As a person she is active and has own-initiative. According to her she wants to see the result of everything fast and thus working at a big company is not meant for her. In addition to the love of sports, she is an artistic person who loves photographing and being creative. Maria also appreciates the freedom entrepreneurship has brought.

*It's probably the freedom in it that I can try out anything and I like it that.. I can use my creativeness and it feels like no one is restricting anything I do. (Maria Mikkonen, interview 15.09.2014)*

### **6.1.2 The family's shared interest**

After finishing the skiing instructor training, Maria's little brother Joel also completed it. Teaching skiing was a gate for both of them to realize how much they like teaching people new things and getting people excited. The siblings' father was interested in windsurfing, through which the children also learned to love the sport. The family's new windsurfing equipment boosted the enthusiasm and Maria joined an association, Surfing ry. She started going there regularly to windsurf and was active in the association.

Maria's brother Joel noticed that there is a windsurfing instructor training in Yyteri in which Maria, her boyfriend, her both brothers and their father attended. After obtaining the license to instruct windsurfing, Maria and her boyfriend, sometimes also Joel, Paul and their father, started to teach windsurfing at the Surfing ry. After a few years

Maria felt that it was too hard to develop the functionality of the association and the windsurfing equipment of the association was not in the best condition to teach.

*It is anyhow an association and a lot of people use the equipment. But the boards were not always in the best condition, so we started wondering...that people are really excited about this (windsurfing). Then we decided to buy a few windsurfing boards and a van and start giving lessons and courses on our own. (Maria Mikkonen, interview 15.09.2014)*

The siblings got the idea to solve the identified problem by buying their own teaching equipment and start giving lessons ‘on the road’. The initial idea was only to do it additionally to their normal jobs and studies during evenings and weekends but with better equipment than at the association.

### **6.1.3 Developing a company through trial-and-error**

After the initial idea occurrence the entrepreneurs bought the equipment and the van and started giving windsurfing lessons. They created a basic website in which they promoted their lessons. The siblings started to get customers, got people excited about windsurfing and were simply having fun teaching it.

From the beginning on the siblings have exploited their abilities and backgrounds, Joel has planned the websites, Paul has designed the marketing materials and Maria has been writing the contents. Therefore they could produce everything by themselves. The family also owned a few SUP-boards, which the three children decided to start using as a tool to teach windsurfing in the summer of 2012. By that time SUP had not yet become popular.

After successfully using the SUP-boards and after positive feedback, they realized that teaching windsurfing was not the only opportunity they had. But they could also teach SUP-boarding, which would make it easier for people to go on the water. Windsurfing is such a technical sport that it is not possible for everybody to learn it. But SUP-boarding would be. They organized a SUP trial day for women that summer and got a lot of positive feedback.

Inspired by the feedback, during the autumn of 2012, Maria had time off from the university and they decided with her father to get a SUP instructor training. They travelled to Hawaii to get the training in November 2012. After the training the children decided to order a dozen SUP-boards, created a new and better web site for the company, which this time in addition to the windsurfing courses, also included the SUP cours-

es. At this time they were still moving from place to place with the van giving lessons in different locations like in Mellsten, Hietaranta and Lauttasaari.

In the summer of 2013 all the registrations to the courses were done by e-mail and Facebook was used to promote the courses and trips. They organized another testing day in the beginning of July 2013 in SUP and SUP yoga at Kalastajatorppa, next to the Hilton hotel.

*There we also met those sales people of Hilton and noticed that there could be this cool synergy. That we could cooperate. That we can be based on their shore and then they get marketing and cool activities for company groups and other clients of theirs. (Maria Mikkonen, interview 15.09.2014)*

TwentyKnots got an old grill shed at the beach next to Hilton for the use of the company, so that they would not need to move the boards all the time to different locations. From the beginning of July 2013 the company TwentyKnots was then based in Kalastajatorppa. There they could do both windsurfing and SUP-boarding.

During the early spring 2014 they started to renew their webpages again, ordered more boards, got a reservation system and found a few new locations, Långvik, Oittaa and Naantali, to organize courses and trips. Because of the amount of boards they now had and the growing interest in SUP-boarding, they could start renting the boards too.

According to Maria, she and her brothers are brave as entrepreneurs and not afraid of doing and trying new things. This is the way they also developed the company TwentyKnots, through a constant trial and error perspective, through networking and a lot of cooperation with different kinds of people and companies.

*Maybe we are the kind, that we are not scared to try out new things, if something doesn't work out, it can be thrown away. Have always tested this and that and what has worked, could stay. (Maria Mikkonen, interview 15.09.2014)*

*We have never had certain, specific opinions.. so we have just let the company roll and develop freely to the way it has naturally went to... Maybe it's like that 'cause we haven't had any pressure to support anybody or do something from which we could earn the most money. There has been this kind of a freedom to flow wherever it goes. (Maria Mikkonen, interview 15.09.2014)*

The siblings thus never decided that they are going to build a bigger company. They still worked hard on it, but let the company go to the way it naturally goes, without restrictions and too much planning. They did not want to be defined by other similar companies either and made a deliberate decision not to look for too much existent in-

formation and ways to do things, but to execute everything the way they themselves wanted to.

*We even talked about it that we don't wanna look what others have done. We have such a strong own style that we ended up taking example from other companies which had nothing to do with SUP and windsurfing. (Maria Mikkonen, interview 15.09.2014)*

An example of good luck and things falling into place when letting the company flow its own way is Naantali as the new rental and course location. The siblings decided that it would be nice to have something in Turku too. They realized that one of their employed instructors is studying in Turku and another applied for a job at TwentyKnots in Helsinki because of an add on Facebook. They decided however that these two could bring the company to Naantali and do it as a project of their own, because both of them study in the Turku School of Economics and thus have a background in business. According to Maria it was not planned that they would hire entrepreneurial and sales-oriented people, but things just simply happened.

*So the company developed a bit accidentally and we noticed that it takes a lot of our time. But we get a lot out of it too. And our interest towards it remains high since we do it so intensively during the summers and then have time for new ideas during the winters. (Maria Mikkonen, interview 15.09.2014)*

## **6.2 Discussion**

### **6.2.1 The process of creation and trial-and-error**

The identification of the idea happened because the siblings were not happy about the situation, they had a problem, which they wanted to solve, and the solution they found to the problem of wanting to develop the teaching of windsurfing, was to do it themselves. The process and the activities of identifying the idea could be characterized as being in the middle of opportunity occurrence and opportunity creation, since the idea itself was subjectively created, but the process of searching for the idea was not planned and active, but neither totally inexistent (Alsos & Kaikkonen 2006).

The solution to the problem was found more or less because of the specific abilities of the individuals, not because of an active search process. Vaghely and Julien (2010, 73) argue that idea identification is rather a process of recognizing and combining fac-

tors through using personal characteristics and other contributors consciously or unconsciously. Thus no proper, active search is needed if the individual has the right cognitive abilities and entrepreneurial alertness.

According to Alsos and Kaikkonen (2006) a subjective opportunity is generated based on the entrepreneur's own abilities, experiences, knowledge and actions. The siblings did not need to look for the idea actively, the idea and the solution to the problem in the end occurred to them based on their own backgrounds, special skills and resources. Thus the idea and the opportunity of TwentyKnots would possibly not have been created if the family would not have been interested in windsurfing, have had knowledge about teaching it and the right, needed abilities.

The process of opportunity identification is said to be a path of many learning steps, which goes forward but could also take steps backwards if something does not go right (Singh et al. 1999, 658). It is not a one-time, sudden incidence. TwentyKnots started its path of opportunity identification when finding a solution to a problem and getting the idea of founding their own company in order to improve the resources and develop the association's activities. The opportunity itself still grows alongside the company and the process has not ended yet.

It is said that opportunities exist because we live in a world where knowledge is dispersed (Arentz et al. 2013, 464). At TwentyKnots the experiences, interests and knowledge of the entrepreneurs triggered the entire process of opportunity creation (see next subchapter).

'Normally' individuals come up with ideas, give them additional evolution through information search and finally identify the potential opportunities to found a new business (Singh et al. 1999, 661). TwentyKnots did not follow this path. According to Maria they never wanted to look for too much information, because they never wanted to be influenced by it. The siblings acquired the windsurfing boards and the van and started the business exactly how they wanted to do it, not how they found out was the right way to do it. Also when creating the opportunity further and at the same time developing the company forward, they did what they thought is a good way. Maria said that the way they did everything might actually be a weird way compared to how companies normally do things in Finland.

But anyhow the idea did precede the opportunity, even though the time between the firm formation and the occurrence of the idea was not long. The idea was turned into an operating company fast, during which the knowledge of existent demand of the service of giving windsurfing lessons was clearly visible.

Even though the idea of the company, giving windsurfing lessons, was not new, the opportunity was created by the entrepreneurs themselves subjectively. The process of opportunity identification of TwentyKnots is visibly based on trial-and-error perspective, which is one of the main characteristics of the creation theory, even though the

idea itself was based in between idea creation and occurrence rather than conscious, active search (Alvarez & Barney 2007, 14). The siblings tried out a variety of courses, events and lessons and only kept the ones, which were found to be good and popular. They were never scared to try out new things, and if those new ideas did not work out, they could be cut off.

The siblings are learning by doing during the process of opportunity generation (Rea et al. 1999, in Puhakka 2007, 23; Vaghely & Julien 2010, 73) and not planning the future, since too much planning may be misleading (Alvarez & Barney 2007, 12). According to Alvarez and Barney (2007, 14–17) the creation theory entrepreneurs do not search for opportunities deliberately, they mostly listen and learn from the consumers and the markets, which leads to the trial-and-error mode of operation. It is impossible to say when the opportunity was created, since the creation has not stopped yet and the opportunity keeps on developing further.

Singh et al. (1999, 659) stated that the opportunity recognition process is at least partially under the control of the entrepreneur. In this case part of the process has been under the control of the siblings, but as Maria stated, they have let the company go to the direction it naturally flows, without trying to force it anywhere. They have accidentally found the right people to hire, the right people to expand the business with and good cooperation partners. It was also more of a coincidence that TwentyKnots ended up getting the grill shed at the Hilton hotel, which was not a premeditated plan to develop the opportunity. In their case one thing leads to another, and that is the way the company is then also developed to.

Timmons (1994, in Singh et al. 1999, 659–660) has acknowledged the importance of time in creating new opportunities and thus new companies. SUP-boarding was only starting to emerge and gain publicity in Finland when TwentyKnots started its lessons, and thus was able to be one of the first companies to offer SUP-boarding courses, which again triggered and developed the opportunity even further. Actually it may be said that the objective opportunity of SUP-boarding lessons was only existent in the environment after the company was started and the windsurfing opportunity created. But the founders were simply later aware of the opportunity, which emerged during their own opportunity development process.

### **6.2.2 *Prior knowledge as an emphasized factor***

The company TwentyKnots and its opportunity were created slowly through the actions and reactions of the entrepreneurs themselves. As Carland et al. (1988) state, to understand the whole process of the entrepreneurial identification, one must understand the role of the individual involved in it. The most emphasized factor in the idea identifica-

tion process was the family's common interest towards windsurfing and the entrepreneur's hobbies, which included adventure sports, especially outdoors.

Individuals have been said to use time and effort to learn about the field or subject of interest (Sigrist 1999, in Ardichvili et al. 2003, 114), which can be seen in the case process, since the siblings not only wanted to do the sport but they also wanted to learn to teach them to others. The siblings devoted their free time to learning about the sport, which was emphasized in the idea occurrence process.

Trough working at the windsurfing association and working in other previous jobs such as a skiing instructor, Maria and her brothers gained knowledge about how to serve and teach people and customers. They already learned how to act with the customers when teaching the sport to them and thus the leap to starting to teach the sport themselves, was not that big.

As said, Maria herself pointed out the importance of the versatile backgrounds of the siblings, which they could use when generating the opportunity. Thus, since having three founders, they had a wide knowledge base about different subjects which made it possible for them to create everything themselves.

The strong ties of the three siblings and their father were visible in the case process through the entire time. Only later, after founding the company and after the opportunity and company grew, the action set (employees) of the company stepped into the picture. According to Nelson (1989, 380) however, the individuals with more weak than strong ties, are the ones to more likely identify opportunities, since the entrepreneurs gain novel information through weak ties. In this creation process the strong ties were emphasized. The trigger of the idea of founding an own company was connected to the situation and circumstances in the associations of windsurfing, not that much specific people or individuals within the founders' networks.

However, later in the development phase of the opportunity, the emphasized and visible networks changed. When acquiring skilled employees to the company, the entrepreneurs developed their action set (de Koning 1999, 12), which helped them to develop the opportunity of the company further. Those recruited employees had skillsets, which contributed to the skillsets of the entrepreneurs themselves.

Creativity and optimism have been found to be the two personality traits, which separate entrepreneurs from non-entrepreneurs (Ardichvili et al. 2003, 116). Creativity was visible through the entire process and the interviewee herself emphasized the thrill of being able to be creative with the company and being able to follow her own style without being too restrictive. Optimism was also visible in the process through the braveness of experimenting with different kinds of events, but the entrepreneurs did not have heightened expectations about the opportunity and the company but they only "go with a flow" and see what happens without planning anything too massive.



This was possible for the entrepreneurs, since according to the interviewee, they are financially not dependent on the company and therefore they do not need to execute things, which bring the biggest amount of money into the company, but can rather do what feels good and right. The entrepreneurs' situation in life at the moment was clearly visible in the process. All the three siblings are either studying or working full time during the year and therefore only have the summer holidays off, when they can completely focus on the company. The development of the company has been following the possibilities the life situations offer.

The own-initiative of the entrepreneur was clearly visible in the process and was emphasized also by the entrepreneur herself as a contributor to the process development. Because of the initiative, Maria states that she has arranged a variety of activities and loves and enjoys being active. For example Shane (2003, 46–48) has noted the importance of the variety of these life experiences in the process of opportunity identification.

Alvarez and Barney (2007, 16) have noticed pure luck to be an important factor in a process of creating an opportunity. Luck was clearly visible in a few events during the process, especially when co-operating and networking with other people, which luckily sometimes led to possibilities to develop the opportunity further.

During the entire process the interviewee and her brothers were visibly enjoying what they were doing and always searching for new enjoyable things to do. As Maria stated, they were simply having fun creating the opportunity and did not take it too seriously. They were and still are passionate about the product and the experiences they give and sell to customers and love teaching and getting people excited. The interest towards the sports comes from within and creates the passion towards the company.

### **6.3 Conclusions TwentyKnots**

Summing up, the process of TwentyKnots only included two notable phases, the idea creation and occurrence and the opportunity creation and development, since the company was founded soon after the idea occurred to them and the opportunity creation phase only started when the business was created.

The path of TwentyKnots from the generation of the idea to the opportunity creation and opportunity development phase mostly included creation elements. Based on the taxonomy of Alsos and Kaikkonen (2006) in the starting point of the opportunity process the prior knowledge based on hobbies and interests was emphasized and it was a visible factor in the idea occurrence. After the occurrence the opportunity was created by the actions of the entrepreneurs. These actions and the emphasized factors in the process are depicted in the table 5.

The activities of the entrepreneurs in the idea creation and occurrence phase included no deliberate search for an opportunity, but problem solving and creation, in which the knowledge base of the individuals was clearly visible. According to Gaglio and Katz (2001, 96) alertness is an important influencer when identifying opportunities without an active search. This alertness was apparent in the process based on the variety of the prior knowledge and education backgrounds of the three entrepreneurs.

When moving on to the opportunity creation phase after the idea occurrence, the activities were mostly based on trial-and-error and creation, at which time the siblings also founded the company. In the development path of the opportunity the situation in the siblings' lives is clearly visible, since they only run the business full-time during the summers. The action set acquired during the process also opened up new ways to grow the opportunity in other locations based on the employees' abilities.

Lucky incidences based on networking were common in the process. And in the end the most emphasized factor in the process was the passion for the sport, the enjoyment of creating something by oneself and loving what one does.

Table 5            The phases, activities and emphasized factors to the opportunity identification process of TwentyKnots

<b>Phase TWENTYKNOTS</b>		
	<b>Idea creation/ occurrence</b>	<b>Opportunity creation / development</b>
<b>Activities</b>	No deliberate search Problem solving Creation	Business formation Creation Trial-and-error
<b>Factors</b>	Hobbies, interests, jobs Strong ties Creativity Initiative Enjoyment	Interests, jobs Strong ties, action set Creativity Life situation Luck Enjoyment

## 7 DISCUSSION

### 7.1 Initial idea and opportunity identification processes

In this chapter the three cases are analyzed in relation to each other, to the theories as well as the set research questions within the context of adventure tourism. The main research question focused on the process view of the opportunity identification and the question *how* these processes evolve within the field of adventure tourism.

The interviews and the adventure tourism companies' stories heard supported theories presented in this research when it comes to the detailed characteristics of the processes. Especially the process view, the development from an idea towards an opportunity (Singh et al. 1999, 658) and the changing characteristics of the processes (Alsos & Kaikkonen 2006) were supported. Discovery and/or creation process characteristics were found in one or many of the cases researched, but none of them could clearly be categorized into one specific theory model. The cases therefore supported the findings of Alsos and Kaikkonen (2006, 307), who state that the opportunity generation processes may start as one type and move on and change into another type during the process.

Singh et al. (1999, 658) emphasized the process view of opportunity development by stating that it is a process, which moves forward but can also take steps backwards and opportunity identification and development may happen *before, during or after* the founding of the firm. Singh et al. (1999, 658) also state that the process starts by identifying the idea, which then is evaluated and thus the opportunity is made or found if there is a an opportunity to be exploited. This process may in the end lead to starting a new venture. However some other theories for example the discovery and creation processes mostly only describe the process as more of a single entity, which develops or is developed from nothing to a possible opportunity, without specifically taking the idea identification and its characteristics into account. Supporting the idea-opportunity-venture process view of Singh et al. (1999), in the cases researched in this study, the entrepreneurs identified the idea before starting to look into the possibilities of generating an opportunity and along the way towards the opportunity, the process went forward but sometimes also had setbacks.

The processes of opportunity identification are discussed next from the starting point of identifying the ideas and then moving on to the development process of the idea towards an opportunity and finally to business formation and further opportunity development.

### 7.1.1 *Discovered and occurred ideas*

Singh et al. (1999, 658) define the idea of a new venture as a stepping-stone towards a new possible opportunity and as the first step in the process of firm formation. And as stated before, individuals recognize almost twice as many ideas than opportunities, and those ideas need additional evaluation and development to be identified if they are potential opportunities for new business formation (Singh et al. 1999, 661). The idea identification of all the three cases researched are first examined before focusing on the processes of developing the ideas towards viable opportunities.

The notion of the idea being a stepping-stone towards an opportunity was visible in all the processes researched. The processes started as initial, basic ideas, which were later developed into more elaborated plans about a venture. In these adventure tourism companies this happened through a sudden discovery or through problem solving activities, in which creation was also clearly involved.

Sudden discovery happens without an active search process, but in one of the cases, when the individual was in need for income, an active search process was needed. Otherwise the ideas were not deliberately searched for by the individuals, but rather 'noticed'. This lack of idea search activities may be due to the characteristics of adventure tourism as an industry, since the processes seemed to start based on the individual's own interest towards the industry and towards adventure sports and therefore the individuals may already have knowledge about problems in the industry. This is discussed more thoroughly in the chapter 7.2.1. As Alsos and Kaikkonen (2006, 311) have observed, the processes of idea identification are already from the outset heterogeneous, even though they do have similar characteristics.

The notion of searching for an idea actively and/or passively is identifiable in the cases and even though it is hard to confidently define the nature of the ideas and opportunities, it may be said that they included both objective and subjective characteristics.

The idea identification processes of these adventure tourism companies therefore support the findings of Alsos and Kaikkonen (2006), since they have characteristics from all the four 'sections' of the presented taxonomy. Discovery, creation, occurrence and search activities were all recognizable, not in single cases separately, but in all the cases as a whole. Alsos and Kaikkonen note that a process might lie in between the extreme points, objective discovery through active search and subjective creation through serendipity. This is supported by the case stories, since none of the cases could be defined to be clearly one or the other extreme point, but rather had characteristics of both of them.

Singh et al. (1999, 662) have noticed that entrepreneurs identify more ideas than opportunities. In the interviews it was noted that only the entrepreneur, who actively searched for an idea and an opportunity, had had other ideas than the one he decided to

pursue, since it seemed the best possible option. The two other entrepreneurs rather just “happened to identify” the idea based on different factors and rather solved an existent problem than tried to find ideas for a future business. However in these two interviews the amount of prior ideas was also not thoroughly discussed.

It may be concluded that in these adventure tourism companies the processes of idea identification, the initial starting points of the opportunity identification processes, are heterogeneous. They included similar features, like problem solving or the lack of deliberate search, but the beginnings of the processes anyhow had a variety of ways to start and move forward. It may be that the emphasized and visible individual factors (see chapter 7.2) would have an influence on the way the processes start, but these connections and the level of contribution of them during the start of the process can not be derived from the data collected for this study.

### **7.1.2 *Opportunity generation and development***

How the processes were developed from initial ideas into opportunities in the case companies and how these stories fit the existing theories are explained next. According to the theories describing the development from an idea to a real opportunity, the process needs learning steps and it is said to be at least partially under the control of the entrepreneur. Therefore preparation and planning is needed before realizing the possibilities and the viability of the opportunity. (Singh et al. 1999, 659.)

According to the theory, there are two classical theories of identifying an opportunity, discovery and creation. The discovery theory's opportunities already exist in the environment and have existent demand, which then need to be actively searched for and discovered by the entrepreneur (e.g. Alsos & Kaikkonen 2006; Alvarez & Barney 2007). The other, creation theory, believes that opportunities are made by the actions and reactions of the entrepreneurs and thus the individuals themselves create the subjective opportunity without any search activities (e.g. Alvarez & Barney 2007; Ardichvili et al. 2003).

None of the researched case processes entirely fit only one or the other theory. It is thus unambiguously impossible to say if an opportunity is either *discovered* or *created*, since all the case stories had features from both of these classical theories. After the exploitation of the opportunity it might be possible to say if the opportunity existed before it was discovered, but even though it would have existed before, the opportunity in the end is always the result of the objective artifacts and the subjective creation process of the individual. As Alsos and Kaikkonen (2006, 304) state, the processes of opportunity generation may include both objective, informative facts and subjective beliefs and abilities learned based on the objective information.

Even when the processes included objective discovery actions, creativity and creation activities however were clearly emphasized by the interviewees in all the processes when moving on after the idea identification. In the theory already, creativity was mentioned to be an important part of entrepreneurial activities in tourism, which was evident in all the three cases researched.

Tourism, adventure tourism specifically, is quite a specific industry, in which excitement, controlled risk and nature play a significant role. There are therefore a huge variety of activities one can offer for the demanding tourists/customers, and only creativity is the limit. The amount of adventure travelers is growing, it is increasingly segmented and therefore new attractions and new experiences are created, in order to offer the travelers excitement and thrill. Through creative actions one can also create something the customers and tourists have never experienced before and offer them new activities to try.

Information search is also emphasized during the time before founding the company, since the individuals gather knowledge in general about entrepreneurship, about how to run a business and about the adventure tourism market. One of the processes however is so strongly developed through trial-and-error activities that the entrepreneurs decided already in the beginning to minimize the information search and create the company and opportunity completely themselves. Through doing this they create new knowledge to be used in the process. Thus the opportunity search and creation activities in these adventure tourism processes seemed to include at least information search, trial-and-error and/or new knowledge creation.

According to the theory the opportunity generation processes might start as one kind of a process and then change into another kind when the idea and the process itself develop. However most of the processes seemed to stay within one specific category. (Alsos & Kaikkonen 2006.) The three cases researched represented the changing process development. As explained earlier, in the studied cases the process of identifying the initial idea of the opportunity was one type of a process. But when developing the idea into a possible opportunity, the characteristics of the processes changed and none of them followed the path of the same type of a process as in the beginning. For example in the process, in which no search was needed when identifying the idea, information search was the main activity when searching for the possible opportunity after the initial sudden idea discovery.

Therefore it may be indicated that all these three cases fit the statement by Alsos and Kaikkonen (2006, 304), in which they argue that opportunity identification processes may actually *include both elements* of discovery and creation and that they are varying along an axis, of which the extreme points are objective discovery and subjective creation. In these three cases the point on this axis, on which a case lies, varies during the

process. The entrepreneurial processes started as something, but turned into a totally differently categorized process along the way.

In the researched cases, the *opportunities* cannot be said to have been recognized suddenly. As the ideas and the execution grew, the opportunities grew with them. Thus it cannot be stated specifically *when* the opportunities were discovered or created or were 'ready', since they have not stopped developing.

The opportunities themselves thus changed through time because of the discovery and/or creation activities made by the entrepreneur. Even though the idea was discovered, the identification of the opportunity always included a lot of creative actions by the individual. In none of the cases the opportunity was found to be completely objectively existent and did not need any creativity. The theory states the same: developing an opportunity includes not only the recognition, but also gives space to the creative work of the entrepreneur himself. Before an opportunity is created to a successful business, it needs to be developed successfully from an idea. (Ardichvili et al. 2003, 106.)

In two of the opportunity identification processes the businesses were founded not long after the idea identification. The process of TwentyKnots, which follows the opportunity creation theory most visibly, started the business straight after acquiring the needed resources. And in the process of Pois Tieltä the information gathering took longer, but when having the resources the business was founded but the opportunity creation still continued. However, the process of Flowpark was slightly different since even though it is also characterized as being a creative process, it is based on already existent knowledge, which could be gathered before the founding of the business. Therefore most of the information concerning the opportunity was gathered before and the business was only started after the opportunity was 'found', when starting the opportunity development phase.

In these three cases researched it was therefore apparent that there may be a link between the level of creation and creative activities in opportunity development and the timing of the business formation. Thus it seems, that an objective opportunity needs more time and work before founding the business than a created, more subjective opportunity.

However, based on the narratives of the interviewees and even if the opportunity would be categorized as objective, it seemed that before starting the business, it is impossible to know whether the opportunity exists or not. It is only visible after the process, ex-post. Also according to Alvarez and Barney (2007, 12) the actions of the entrepreneur can only be described after the opportunity has been formed. The entrepreneur may have visions about the possible opportunity and demand, but in the end a successful opportunity is not known until it is found out if the new means-ends framework produced something that is worth more than the resources needed for it.

## 7.2 Emphasized individual factors in adventure tourism

As Shane and Venkataraman (2000, 218) state, entrepreneurship is a nexus of two phenomena, the enterprising individuals and the lucrative opportunities. The opportunities are said to be under the influence of the individuals and the processes of opportunity identification strongly influenced by the personal characteristics and backgrounds of these individuals. Therefore the second research question of this study focused on the individual factors in the entrepreneurial opportunity identification and their visibility in these processes.

The concept of alertness has been noted to separate entrepreneurs from non-entrepreneurs (e.g. Kirzner 1973, 67; Gaglio & Katz 2001, 96) and different factors influence the level of alertness. These factors are, according to Ardichvili et al. (2003, 106) prior knowledge and information asymmetry, social networks and personal characteristics. Individual factors belonging to each of these groups were visible in the researched adventure tourism processes. When looking into the emphasis of prior knowledge and information asymmetry, in the three researched cases the individual's hobbies, interests and previous customer knowledge were found to be clearly visible. When focusing on social networks, weak ties and partners were the most distinguishable factors, and creativity, self-efficacy and enjoyment were found to be visible in the process too. Factors not mentioned in the theory were however also recognized to be visible in the entrepreneurial adventure tourism processes, and these were the individual's life situation and simply pure luck.

The theoretically set three groups of individual factors and the later recognized factors are now gone through and the most clearly evident and emphasized factors in the researched adventure tourism cases are brought out and highlighted. These factors are sometimes overlapping and contribute to one another (if a person enjoys a specific sport, it probably is his hobby because of the enjoyment). Therefore in the following subchapters there may be some overlaps and some factors could have been categorized in one or the other subchapter.

### 7.2.1 *Hobbies, interests and customer knowledge*

Prior knowledge is needed in order to interpret and use the new knowledge gained and it is a trigger to separate the valuable, new information (Ardichvili et al. 2003, 114). According to Shane and Venkataraman (2000, 222, 45–46) individuals possess different amounts of information and these amounts influence the possibilities to recognize certain opportunities. This information may be gathered through life experiences such as daily life or a job.



In these adventure tourism processes life experiences were emphasized when identifying the idea of the possible venture. The individuals are all active, have a wide variety of hobbies, most of which are adventure-like sports, especially outdoors. The ideas were visibly based on the interests and hobbies of the entrepreneurs, since the companies were founded within the same industries as the hobbies and were very similar to the individuals' interests. Sigrist (1999, in Ardichvili et al. 2003, 114) has found that the entrepreneur's own interests and hobbies are relevant in the opportunity identification processes, and in these adventure tourism processes they were clearly emphasized.

Based on the interviews the individuals expressed to have gained knowledge about customer service and customer problems through their previous jobs, which were also partly adventure tourism and/or sports related. All the entrepreneurs had customer-centered roles in their previous jobs and it was mentioned in the interviews, that without the knowledge about how to serve customers, the development of the opportunities would not have been possible. Because having the interests and hobbies they had, the individuals knew also about the adventure tourism market characteristics and customer needs based on their own experiences in the field.

The hobbies, interests and previous jobs, from which they gained knowledge about the field, were thus visibly crucial in the possibilities of the individuals identifying the *ideas* of the businesses. Adventure tourism is such a specific field, that without any knowledge, experiences and know-how it would be difficult to try to identify an opportunity within the field. The personal know-how was thus clearly emphasized by the individuals interviewed.

After the initial idea identification, the emphasized type of prior knowledge in adventure tourism companies' processes moved on from hobbies and interests onwards to the know-how about teaching, of good people skills and of knowledge about adventure tourism markets and customers.

Two out of three entrepreneurs had been teaching adventure sports before the businesses were founded and therefore they had the needed experience and could bring the opportunities further in both of which teaching the customers a new sport was part of the offering. People skills also seemed to be emphasized in the processes, which involved a lot of creation activities and they were mentioned by all the three entrepreneurs and referred to as an important personal ability when embarking on entrepreneurial activities.

According to Shane (2003, 51) knowledge about how to serve the markets helps the individual define the marketing and production gains. Even though information search was one of the main activities of the entrepreneurs during the phase of developing the idea into an opportunity, the previous knowledge gained from life experiences in similar tasks was evidently helpful. However, already previously mentioned knowledge about

customer problems and customer needs are noted to influence the entire process from the beginning on (Shane 2003, 51).

It was visible in the stories that later when developing the opportunity further, the entrepreneurs used the knowledge gained during the process of idea and opportunity identification in order to find new ways and routes to expand the already found or created opportunity.

All the knowledge described made it possible for these specific individuals to identify an opportunity in their own field of interest. The knowledge gained during the lifetime and through rational choices cannot be learned and found through a search process (Sigrist 1999, in Ardichvili et al. 2003, 114), but can only be known through experiences and own interest towards the field.

Even though education has also been found to have an influence on the amount and level of prior knowledge needed in the process (e.g. Arenius & De Clerq 2005, 252), in the adventure tourism processes it was not that visible as the emphasized role of the individual's hobbies, interests and previous jobs.

### **7.2.2 *Weak ties and partners***

According to the theory, individuals may gain access to tacit and explicit information like markets, supplier relationship, trends and changes in the environment as well as ideas and opportunities through their social networks (Ozgen & Baron 2007, 175). The individuals may also gain access to resources (Ma et al. 2011, 1183) and influence the timing and the quality of the information (Arenius & De Clerq 2005, 250). According to Baggio and Cooper (2010, 1758) collaborative organizations and other social networks are the base of the effective exchange of information and knowledge in the tourism industry.

In all the cases researched, social networks were distinguishable in the processes starting from the beginning to the phase of opportunity development. De Koning (1999, 11) separates four categories of social networks, weak and strong ties, inner circle and partners. Again the factors visible in the process changed depending on the phase the processes were in.

In the beginning, during the initial idea identification phase, weak and strong ties were emphasized. The families and the more casual acquaintances were described as the source of the needed information to trigger the individual to identify the initial idea. Weak ties are said to be the source of novel information (Nelson 1989, 380), which was visible in two of the processes. In the most creative process however the knowledge needed was not specifically 'novel' and the strong ties may be seen to have been enough to boost the individuals to create the idea.

When moving on to the phase of opportunity search or opportunity creation, the social networks emphasized in the interviews were, as during the start of the process, weak ties and a new category in the process, the acquired partner. During this phase the weak ties were also seen as important ties, but now rather as a source of more new information and knowledge about demand conditions and customer wants and needs concerning the individual's idea and possible opportunity.

The partners were seen as a means to discuss plans, ideas and possibilities and as persons with whom the interviewees could go through the possible decisions and make sure they were on the right track. Partners were therefore seen as important individuals the interviewed individuals could trust on and seek support from. Also according to the theory the partnerships are the closest relationships the entrepreneur has during the opportunity identification process (de Koning 1999, 13).

After founding the company and after moving on to the phase of developing the opportunity further weak ties still continue playing an important role as source of information. However the other emphasized social network category changed from being the acquired partner to be the action set of the company. Action set refers for example to the employees of the business, which in these processes were used as a means to develop the opportunity through giving the employees for example freedom and own projects to develop. The employees were emphasized as an important resource and it was mentioned that they should have as good people skills and customer relationship abilities as the founders in order for the company to develop and survive.

As said before, according to the theory, collaborative organizations are important to tourism companies. Cooperation partners were clearly distinguishable in the processes and they were seen as one of the means to develop the opportunity. Without them the opportunities would possibly not have developed as far and as fast as they have now. Ozgen and Baron (2007, 175) have also recognized the importance of these other, sometimes informal, industry networks.

In general, it could be suggested that since in tourism and in adventure tourism the companies are mostly SMEs, in order for the companies to grow and evolve, new information, cooperation partners and other networks are needed. Social networks were visible in the adventure tourism opportunity identification processes during the entire time from the idea identification to the opportunity development phase. Weak ties were found to be emphasized during the entire process, strong ties seemed to be visible mostly in the beginning, partners in the opportunity search and creation phase and action set in the development phase of the opportunity. Social interaction with customers, cooperation partners, own acquired partners and friends may therefore be said to be an important part of the processes in adventure tourism. Seemingly these three opportunities could not have been found and developed into viable businesses without other people and social networks.

### 7.2.3 *Creativity, self-efficacy and enjoyment*

According to the theory, the most important characteristics of an individual when identifying opportunities are creativity and optimism (Ardichvili et al. 2003, 116). Creativity is also said to be strongly linked with the identification of business ideas (Gielnik et al. 2012, 559, 570).

In all the researched cases creativity was distinguishable as part of the actions of the individuals and it was emphasized in all the researched adventure tourism processes. The starting point of the visibility of the creation activities and creativity varied depending on the company but it was mostly emphasized during the opportunity search and creation and opportunity development phases. Creation may therefore be said to be inseparable from these adventure tourism opportunity identification processes. This may be due to the versatility of the offerings and services the adventure tourism companies offer, since one has to find a way to stand out, and creating something new or a 'twist' to something that already exists may grow the opportunity. The entrepreneurs also emphasized the feeling of freedom they have when being able to create something themselves and having almost no limits in imagination. The feel of freedom was noticeably pushing the entrepreneurs forward in their quest to create something that reflects who they are as individuals.

All the interviewees also emphasized their self-efficacy, which refers to individual's belief that he or she can achieve given tasks and goals (Krueger & Brazeal 1994, 94). Self-efficacy is part of the wider perspective of individual's optimism, which was clearly visible in all the processes. The individuals not only wanted to believe that everything will turn out well but they also trusted that they can do it themselves. They trusted they have the needed skills and abilities to create or find the opportunity, make it look like their own and found an own business. Optimists are said to feel in control of activities and make more progress towards their goals (Liang & Dunn 2011, 99), which is why the level of optimism in the creation of companies is such a significant notion.

But not only were creativity, optimism and self-efficacy visible in the adventure tourism opportunity identification processes. A few factors, which clearly boosted the individuals to create and to search for opportunities seemed to be simply the passion they possessed and the enjoyment towards what they were doing. In one of the processes the passion and enjoyment were visible as factors why the individual got the idea and in all the three processes enjoyment was clearly part of the phase of opportunity search and creation, since without it the opportunity might have stayed untouched.

As a result, in order to have the energy and willingness to pursue forward with the idea and be able to create or find the 'final' opportunity, one needs to enjoy what one is doing when developing the opportunity. Adventure enthusiasts are often the ones following their own paths and they love to challenge themselves physically and mentally

and therefore it may be seen that they also enjoy the challenge there is in entrepreneurship and the challenge of getting other people excited and passionate about something they themselves are passionate about.

#### **7.2.4 *Life situation and pure luck***

In addition to the factors stated in the theory, there were a couple elements, which were clearly identifiable and visible in the identification processes and therefore need to be mentioned. These factors were found to be the situation in life of the entrepreneur and simply pure luck.

Alsos and Kaikkonen (2006, 311) argue that entrepreneurs, who are pushed by the need of extra income, are more active in the process of opportunity generation and most likely search for opportunities objectively, which reflect the story of the company *Pois Tieltä*. The entrepreneur was driven to find an opportunity because of his individual life situation of needing more income and having the resource for it.

The entrepreneurs of *TwentyKnots* however, were not pushed by the need of income and therefore could be more open and creative when it comes to the process of the idea generation. The individuals were however driven by the life situation, since them all being students, they wanted to create an opportunity and a company, which they can run while still studying. In the process of the company *Flowpark*, the life situation was conversely not clearly visible in the process.

Depending on the life situation of the entrepreneurs, the process of idea identification and opportunity development varied. Life situation influenced the ‘colder’ facts of, for example having enough time to create an opportunity or having the need to find an opportunity to receive additional income. The life situation was also clearly evident later in the process when developing the opportunity further, since it seemed to give the entrepreneurs either possibilities or limitations in how to move forward with the opportunity and the founded company.

The other factor, which was noted to exist but was not mentioned in the theory, was pure luck. In the interviews all the entrepreneurs emphasized the role of pure luck in the processes and therefore it cannot be ignored. Some of the entrepreneurs talked about being lucky when acquiring resources, some of them being lucky when finding the best employees and some when identifying the idea of the opportunity. Mostly luck was emphasized and visible in the process phases when the opportunity was created and developed through acquiring resources etc. Sometimes the entrepreneurs found a new route to follow only based on lucky incidences.

## 8 CONCLUSIONS

### 8.1 Opportunity identification processes in adventure tourism

New Age of Tourism, which is mainly characterized by the need of flexibility of supply and distribution in order to serve the highly segmented market and achievement of profitability is the new entrepreneurial paradigm of tourism (Adventure Tourism Market Study 2013, 14). The tourism companies need to customize their services in order to serve the segmented market, therefore tourism companies are required to be flexible and adaptable and listen to the customers' needs and wants.

In adventure tourism the businesses and entrepreneurs need to understand the needs, preferences and behaviors of the adventure travel market and the customers to be able to attract travelers profitably also in the future (Adventure Tourism Market Study 2013, 14). Therefore this study focused on adventure tourism and entrepreneurship, and especially on the beginnings of the process, the entrepreneurial opportunity identification and specific individual factors.

The aim of this study was to research entrepreneurial processes and find out how individuals identify opportunities to form new ventures and how specific individual factors are visible in these processes within the field of adventure tourism.

The opportunity identification processes in the studied adventure tourism cases were found to be highly heterogeneous. This study however did not only show the variety of processes within adventure tourism but it also showed the centrality of individuals to these processes and the individual factors visible in the different phases of the processes.

Based on the cases studied it was noted that in these adventure tourism companies ideas do precede opportunities, and the opportunities were and are therefore a product of the creativity and actions of the individual. Even though part of the opportunity could be described as being objective, the opportunity is also influenced by the subjective interpretation of the individual and thus the end result is affected by the individual's perceptions. Therefore it may be concluded that discovery and creation attributes may be found in the processes and they are thus not mutually exclusive.

It was found that the activities in which the entrepreneurs engage during the different phases of the opportunity identification and development process vary significantly. For example the act of information search may move from total serendipity, to planned information acquisition through social networks and later to knowledge generation through cooperation partners.

The processes may also include deliberate search, no search or both, depending on the phase the process is in. When the entrepreneurial activities were mostly focused on

active search, life situation was found to be a visible factor. Later the factor of enjoyment stepped in and boosted the new information search.

Creation activities were emphasized in the three adventure tourism processes, which may be due to the highly segmented characteristic of the tourism market and the need to adapt to these versatile demands and offer flexible service. Creation has also been said to be an important feature of the entrepreneur, who brings ideas to the company (Weiermair et al. 2010).

Based on the researched cases, two different opportunity identification process development paths were recognized in adventure tourism as the ‘extreme’ types of processes. The adventure tourism process may however be a process, which is not completely described by one or the other of these two paths, but is something in between them or is a combination of the process steps in these two paths. The two ‘main’ processes are depicted in the framework in figure 3 with the found emphasized individual factors during the steps.

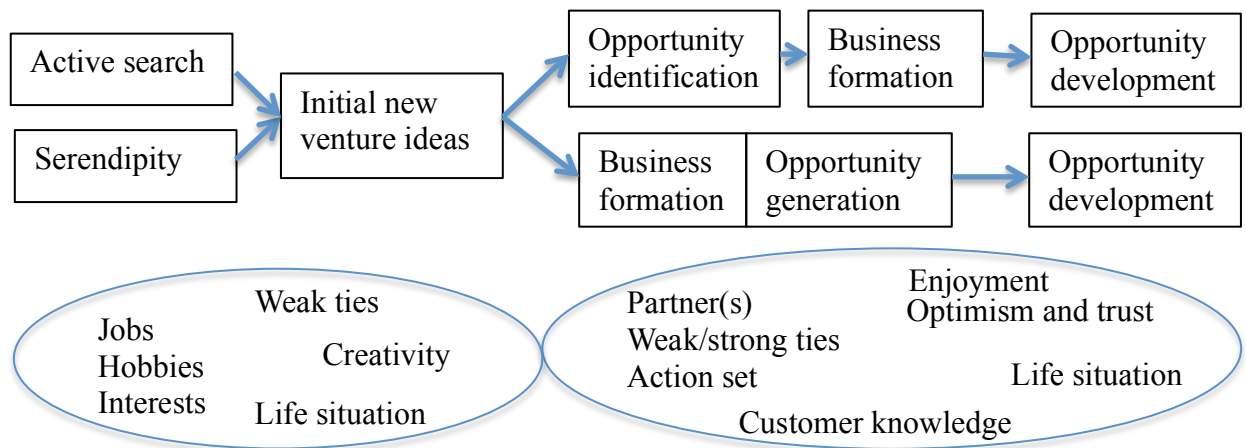


Figure 3 Opportunity identification processes and emphasized individual factors in adventure tourism (developed based on the Basic steps of the opportunity recognition process of Singh et al. 1999)

Both the processes start with identifying or creating the initial venture idea of a possible opportunity. As seen based on the results of the study, the idea is found or made through active search activities or bare serendipity. After the idea has been identified, the process moves on to search for the opportunity or generate it.

The process may move on from the initial venture idea towards the opportunity identification through activities such as active information search and creation. The aim of this path is to firstly identify the opportunity, after which the amount of knowledge may be considered as being sufficient to start the business activities. The business is thus founded on the belief that the opportunity exists and may be used. After the business

formation the opportunity may be developed further through own knowledge creation and additional knowledge acquisition.

The other identifiable opportunity identification process also gets its origins from firstly identifying the idea of the possible new business. The process of active information search is however mostly skipped and the business is started based on quite limited or already possessed knowledge. The opportunity is created and generated during the time when the business is founded and the business activities started. The opportunity is developed further through trial-and-error activities and through the knowledge created based on those trials. Thus the opportunity is created and developed mostly through the actions and reactions of the entrepreneur, and is not mostly based on the existent information available.

Thus as seen in the tables depicting the companies' processes, the identification of the ideas and the development of them into possible opportunities and viable companies include learning steps on which the development of the business and the opportunity is based on.

Studying the visibility of the individual factors was part of the aim of the study. The found emphasized factors are also depicted in the figure 3. During the initial idea identification phase of the processes of the three adventure tourism companies, the individuals' prior experiences in hobbies, jobs and interests were emphasized and the created or found ideas were seen to be based on them. The product or the service offered were found to have similarities with the previous adventure sports the individuals were interested in have similarities with the jobs they had previously had. Through these hobbies and interests the individuals gained needed knowledge to progress forward with the opportunity identification process.

Weak ties were mentioned when identifying the initial idea and were visible in contributing to the knowledge and information base the individuals possessed. Life situation was clearly emphasized in the beginnings of the processes since based on those the ideas were either searched for or were based on serendipity and therefore created.

When moving on to the phase in which the initial ideas were developed into plausible opportunities, the factors visible in the processes changed. The driver, which kept the individuals trying to find and create an opportunity, was visibly the trust in what they were doing and the enjoyment and love towards the activity and the opportunity. Without those factors the idea and opportunity could have easily been forgotten and not have been exploited.

The notion mentioned in the theory, that networks are highly important and influential in the tourism sector, was evident in the cases researched since different social networks were always visible in all the different phases of the processes. The emphasized social network factors however varied slightly but in every studied process the importance of individual's business partners was strongly emphasized, the weak and



strong ties were visible as information sources and in the opportunity development phase the action set was emphasized as a source of skills and knowledge.

Prior customer knowledge was emphasized as a factor in the process of all the three individuals and it was considered as one of the factors why the opportunities still grow and are viable. Knowing the customer may be especially important in tourism companies because of the previously mentioned high segmentation of the industry and the market and therefore the offerings of the companies need to be adjusted by what the customers want and need.

As said before, the individual factors presented in the theory are based on discovery processes and thus not on creation processes. However, in these entrepreneurial adventure tourism opportunity identification processes the factors were visible in all different kinds of processes, and their visibility was not dependent on the discovery-characteristics of the process. This may be especially characteristic for adventure tourism, that the individuals, their prior knowledge, personal interests, hobbies and jobs, their social networks and their individual characteristics are all visible in the opportunity identification processes whether the opportunities are discovered or created or have features from both theories. In addition to these, the enjoyment and the enthusiasm towards the possible opportunity, towards entrepreneurship and simply towards the operative activities of the company are clearly emphasized.

This study is a cursory ‘scratch’ of the subject on hand and it may serve as a starting point for more research in the field of entrepreneurship and tourism and more specifically in the field of adventure tourism. New insights on the opportunity identification processes, their characteristics and the importance of individuals within adventure tourism are however provided in this study and those processes were noted to be extremely heterogeneous.

## **8.2 Implications**

In this subchapter the theoretical and practical implications are discussed based on the results of the research. The outcomes of this research may not be statistically generalizable to the entire adventure tourism field, but may however give theoretical direction how opportunities are identified within the field and how heterogeneous they may be.

This thesis contributes to the entrepreneurship and tourism research in theoretical as well as in practical matter. It contributes to the almost non-existent entrepreneurship research in the field of tourism and adds knowledge about and brings new insights on the entrepreneurial processes, their characteristics and individual factors within adventure tourism industry.

### **8.2.1    *Theoretical implications***

Because tourism is seen to have reached a new entrepreneurial paradigm, the New Age of Tourism, and the market is becoming increasingly segmented, entrepreneurial research in tourism has become increasingly important (Adventure Tourism Market Study 2013, 14). In order to understand the processes of individuals identifying possible opportunities within tourism, this research was conducted. Therefore it adds knowledge to the entrepreneurial research of tourism and the sector of adventure tourism, which is noted to grow constantly and extremely rapidly.

SMEs are the most common form of enterprises in tourism and they are mostly managed by their owners (Weiermair et al. 2010, 19). This research brings insight to the way how these businesses have been formed and how individuals could form them also in the future. This study thus contributes to the discussion of discovered and created opportunities by showing that these two separate matters may actually exist simultaneously in a process and are thus not mutually exclusive. It also adds knowledge about the process of active search or serendipity when identifying ideas and developing them into valuable opportunities and ventures.

The entrepreneurs must also understand the needs and behaviors of the adventure travel market and the findings of this research clarify the processes for its part. In the past entrepreneurship research has focused only on the entrepreneurs themselves, but in this study the nexus of the entrepreneurs and the opportunities is researched and it brings new insight to the contribution of the individuals in the process in adventure tourism.

According to Li (2008, 1021) in order to make a change in the level of research in the field of tourism and entrepreneurship, scholars need researchers from different disciplines in collaboration to develop theoretical frameworks in tourism entrepreneurship and only after this it is possible for researchers to start testing the theories empirically. This study provides new insights on opportunity identification processes and visible individual factors in adventure tourism, which may be tested empirically in order to research the processes more specifically.

### **8.2.2    *Practical implications***

In addition to theoretical implications, this research also adds knowledge for practical use. Based on the results it may be said that there is no ‘right’ way to create, identify or develop entrepreneurial processes and now right way how to move forward in the process in the field of adventure tourism, since the processes were noted to be extremely heterogeneous, but in the end successful.

Individuals creating or trying to discover opportunities should note, that even though opportunities might exist independently in the environment, the individual's subjective understandings and interpretations of information always influence the process. The individuals should know that the ideas always precede opportunities and it takes time for an idea to form or to be formed into a viable opportunity. It is always a process of learning, which may or may not have setbacks along the way.

Based on the individual-opportunity nexus, this work provides examples of processes in which individual factors are highly emphasized and visible while embarking on entrepreneurial activities. For example having a variety of different hobbies and being interested in multiple things may lead individuals to gather information and thus build their knowledge base, which is needed when engaging in entrepreneurial actions. Knowledge may be learned and acquired if decided to do so, but the entire life span builds the base on which the new knowledge is reflected.

Engaging oneself in social interaction is also an emphasized factor in entrepreneurial actions, since networks were concluded to be an important source of ideas, which could be developed into businesses with the help of the individual's social networks. What also should be noted is, that the level of initiative and creativity may contribute to the process of opportunity identification, since they were highly emphasized in the cases.

Alongside these, optimism was emphasized and especially the belief in oneself and the idea and that one is capable of completing the tasks, since without the trust the possible entrepreneur may result in having self-doubt and therefore may not be able to proceed with the idea or the possible opportunity. However, the individual should not have overly high expectations and beliefs about the opportunity.

One especially emphasized factor, which individuals embarking on entrepreneurial activities in adventure tourism should note, is the enjoyment of what one is doing. The individuals should thus love what they do when starting the process consciously or unconsciously.

This research has therefore added practical knowledge about the heterogeneity opportunity identification processes, the activities during the processes and the emphasized and possibly needed individual factors in adventure tourism.

### **8.3 Research evaluation**

Avoiding mistakes is always the aim by researchers, but every research is to be evaluated through specific criteria in order to test if the study is trustable. In a qualitative study objectivity is not entirely possible to reach since the researcher and what his knowledge base are intertwined seamlessly. The researcher is always affected by the basis of his values and those affect the way, how the researcher understands and comprehends phe-

nomena. (Hirsjärvi et al. 2007, 157.) The evaluation of a case study research is similar to any other research evaluated, however there are some criteria developed only for case study research (Eriksson & Kovalainen 2008, 133).

It is said that when evaluating a qualitative research, the researcher must assure the quality and the trustworthiness of the study (Eriksson & Kovalainen 2008, 290). Lincoln and Guba (1985) present four aspects of qualitative research trustworthiness, which are the credibility, the transferability, the dependability and the conformability of the study. With credibility Lincoln and Guba (1985) refer to the confidence of the results, when transferability implies that the results are applicable also in other contexts. Dependability refers to the responsibility of the researcher to provide information about the process of the study and conformability to the sufficient linking of findings and the conclusions.

In this research the aim was to openly clarify and explain the details about the interviews, how the empirical data was collected and how the entire study was made. The data and stories provided by the interviewees are presented in an unbiased matter and they are later in the research report discussed in relation to the earlier set theories. When conducting the interviews, they were made in a way that the interviewees were able to express and tell the stories, which they knew and remembered, without the researcher trying to emphasize some facts or make them tell about certain aspects.

Of course, one can never be sure about the credibility of the results in the end, but in order to trust them, the descriptions of the case processes written by the researcher, were sent to the interviewees and the interviewees had the possibility to correct any false information or false understandings. It may be however possible that the interviewees themselves did not tell the stories and processes exactly how they happened, since the processes have happened in the past. The interviewees may not do it consciously, but it may be possible that the stories were for example described to be more smooth than they really were and the processes may be seen by the entrepreneurs through 'rose-colored' glasses.

Lincoln and Guba (1985) consider prolonged engagement to improve a study's credibility, since then the researcher sufficiently engages time in the field observing different aspects. In this research the engagement in the field was however rather limited because of the length of the interviews, which may be seen as quite restricted and short. It may be argued, based on the length of the interviews, that the depth of the data collected would not be as deep as needed, but the interviewees however shared their stories about the processes and their own thoughts about the individual factors in the researcher's opinion specifically and to a sufficient extent.

What comes to the transferability of the results, it is not entirely possible based on the three adventure tourism case processes. However this study may act as an example and a description about how processes may evolve in the field of adventure tourism.

In order to improve the dependability and the conformability of this study, the detailed descriptions of the process of conducting the research, the selection of the interviewees and the interpretation and reporting of the data are presented in the report. In a qualitative research the final analysis of the results is dependent on the researcher and therefore the analysis is always the result of the specific researcher. If conducting the study again, other researchers would possibly bring new point of views, insights and interpretations to the analysis and the results and they would possibly not fit and be similar with the analysis of this research.

In addition to the previous, ethical issues also need to be taken into account, since in a qualitative research people are always in interaction with each other. The responsibility of the researcher is important and one has to make sure the participants are treated ethically and they attend the study with consent (Patton 2002, 169–170). In this research the participation was voluntary for the interviewees. It was also the entrepreneurs' own decision to let their own and their companies names be published in this research. The interviewees were told that they have the right to withdraw from the study at any point, but none of them showed any intent to do that and they were all enthusiastically taking part in the research. As said before, the stories in this research report are written based on the oral interviews with the informants and thus written by the researcher. Therefore before finishing this study they were also accepted by the interviewees themselves.

The quality of the results is said to be better if the interviews are transcribed as soon as possible after they have been conducted, especially if the person doing it is the same as the researcher (Hirsjärvi & Hurme 2001, 185). The researcher of this study conducted the interviews and the transcriptions were made during the same day. The recordings of the interviews were loud and clear and therefore easily transcribed.

All the interviews were conducted using the same framework of questions, which can be found in the appendices in the end of this research report, but extra and more detailed questions were also asked depending on the process and company at hand. Therefore during the interviews there was a freedom to focus on the subjects that were more relevant for the specific opportunity identification process. All the main themes were however went through in all the conducted interviews.

In addition to the evaluation criteria of a qualitative research, there are also specific case study criteria. A case study should be significant in some way and it should be unique, of general interest or unusual and the issues studied should be interesting and relevant (Eriksson & Kovalainen 2008, 133). This case study research may be described to be unique, since entrepreneurial opportunity identification processes have not been researched before in the context of adventure tourism companies and it may also be said to be relevant since adventure tourism is highly connected with entrepreneurship and its popularity is constantly growing.

Traditionally, generalizability is considered as statistical generalizability, which refers to the applicability of results to a broader population (Stoddart 2004, 303). This however is not possible in this research and the type of generalizability to be noted in this research is thus the theoretical or analytical generalizability. This on the other hand refers to the generalization to a theory and to it that the results of a qualitative study may be generalized 'through' a suitable theory to its domain.

In this research the previously created theory of individual factors was found to be applicable in all the three processes, whether the process was a discovery or a creation process and therefore it may be that the framework of Ardichvili et al. (2003) may theoretically be brought to the context of adventure tourism as a whole and the theory may thus be usable in the field of adventure tourism without the restriction of the processes being characterized as discovery processes. Thus to some extent this qualitative research is analytically generalizable.

#### **8.4 Limitations of the study**

All studies have their limitations due to differences in for example methods and resources and time and location constraints. In every research some parts may be found, which could have been executed better and these parts of this opportunity identification process research are now discussed as limitations.

The researcher of the study has a restricted amount of experience conducting studies and interviews, thus the lack of practical experience of the researcher may have influenced the research, how it was conducted, how the interviews were made and finally the results of the study. Therefore the amount of experience of the researcher may be considered as an important limitation of this study.

The interviews may have brought more insight to the matter and more thorough results if the interviewer would have had more experience in a similar situation of interaction. All the interviews conducted only lasted for less than an hour, which may indicate that the amount of valuable information received from the interviewees may be quite limited, even if the processes of opportunity identification of the companies were went through rather specifically. Therefore it may be questioned if the interviewer received a sufficient amount of relevant information to conduct an in-depth analysis of the researched matter.

In a qualitative research, the researcher cannot be sure if the interviewees have intentionally or unintentionally altered the stories heard, which could affect the trustworthiness. Only the entrepreneurs may judge the happened events and therefore the findings of this research are limited to the stories told by the interviewees and the entrepreneurs, whether they may be considered as truthful or not. It may be speculated that interview-

ing also the partners of the individuals, who were interviewed for this study, might have brought more insightful information and knowledge about the processes since there would have been other perspectives towards the process and it might have verified the stories to some extent.

All the three companies interviewed, were successful in their quest to develop the opportunity into a fully working venture. This is however not always the case and the analytical generalizability of this study may therefore be only limited to processes, which have been successful in generating a company out of the initial idea and opportunity identification process.

## **8.5 Ideas for future research**

As stated in the beginning of this research, the field of entrepreneurship is highly understudied in tourism overall. This study focused on the processes of opportunity identification within the field of adventure tourism, which has not been studied before.

This research was conducted as a case study of three companies, which is very limited in its scope, and therefore the new insights should be tested empirically with larger datasets in order to examine the generalizability of the insights.

The same research questions, which were the focus of this study also need more research in the same and other tourism contexts to acquire more information about the field of entrepreneurship and about opportunity identification processes in Finland and/or internationally. For example a study researching a greater number of companies would be advisable. Also the variations between different cultures and countries should be taken into account when researching the opportunity identification processes as well as the individual factors influencing those processes. This should be especially done in the developing countries, since the importance of tourism sector in those countries is growing significantly.

The entire process could also not only be studied as a whole but also as separate steps, the process of the idea identification and the development of the idea towards the opportunity. This is due to the changes in the characteristics of the different steps. The first research question could also be studied in relation to companies founded and opportunities identified in different periods of time and by different aged entrepreneurs.

The individual factors should also be studied more deeply and the future research could focus on examining which factors influence which kind of processes and phases of the processes, since the causal relationships of different factors were not the focus of this study and were not possible to derive from the data collected for the study.

Based on these three companies, it was noted that the level of creativity may have an influence on the timing of the business formation and that the specific situation in life

may contribute to the development of the process. These notions should also be studied more comprehensively and also, with larger datasets.

The theoretical setting of opportunities existing also even if the entrepreneurs would not have been successful in creating a viable company using the opportunity leaves an open question. In this study all the companies were successful in the creation of a viable business, thus it should be studied how the processes develop when the business are not successful and in the end not founded.

Another possible focus of future research could be on the stories of entrepreneurs or to-be-entrepreneurs who have not founded the companies yet, but still are in the opportunity identification process, either in the beginnings and identifying an idea or already in the process of trying to find or create an opportunity based on the idea.



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## APPENDICES

### Appendix 1: Framework for the theme interview questions

Theme	Questions
<b>Background of the entrepreneur</b>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Job experiences</li> <li>• Hobbies and interests</li> <li>• Entrepreneurial experiences and interest</li> </ul>
<b>The idea identification</b>	<ul style="list-style-type: none"> <li>• Tell in your own words about identifying the business idea and the process how everything started</li> <li>• Were there any other ideas than this one?</li> </ul>
<b>Idea development towards opportunity</b>	<ul style="list-style-type: none"> <li>• How did the process develop after the idea was identified?</li> <li>• How and where did you seek for information?</li> <li>• How and when did you realize the idea could be developed into a business?</li> <li>• On what did you base it that the idea could be a valid business?</li> </ul>
<b>Opportunity development</b>	<ul style="list-style-type: none"> <li>• At which point was the business started and how?</li> <li>• How is the business developed?</li> </ul>
<b>Individual factors</b>	<ul style="list-style-type: none"> <li>• Can you name any contributors, which influenced the entire process of how the idea became a viable business?</li> </ul>