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# Is There Opportunity Without Stakeholders? A Stakeholder Theory Critique and Development of Opportunity-Actualization

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## Abstract

How can stakeholder theory contribute to opportunity theory? We suggest that stakeholder theory affords appropriate theoretical lenses for grounding the opportunity-actualization perspective more firmly within the real-world constraints of business venturing. Actualization departs from a strong focus on entrepreneurial agency to conceptualize how pre-existing environmental conditions determine what entrepreneurial action can achieve. We explain that stakeholder theory can strengthen the outward-looking orientation of actualization by (1) bringing the entirety of stakeholders centre-stage, beyond a narrow focus on market stakeholders, and (2) stressing the importance of noneconomic considerations for the actualization of economic opportunities. Our theorization culminates in the concept of 'strategic opportunity thinking' (SOT). We conceptualize SOT as a way of protecting entrepreneurs from the blind-to-stakeholders mindset that either sleepwalks them into the territory of non-opportunity or prevents them from the actualization of real yet difficult-to-actualize opportunities in the absence of stakeholder-centric thinking.



## Keywords

stakeholder theory, entrepreneurial opportunities, actualization approach, non-opportunities, bounded self-interest, ethics, strategic opportunity thinking, lean startup, stakeholder power, stakeholder interests, stakeholder belief-systems, stakeholder empathy


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## Introduction

Early perspectives of strategic management had an outward-looking orientation that focussed on the determining role of environmental conditions (e.g. Hannan & Freeman, 1977; Porter, 1980). According to Davidsson (2020), the subsequent dominance of inward-looking approaches in both strategy and entrepreneurship transformed this theoretical landscape. In the last three decades, strategy theory has an excessive focus on firm-level resources and capabilities (e.g. Barney, 1991; Teece et al., 1997), while in the last couple of decades, entrepreneurship theory has a disproportionate emphasis on the creative powers of entrepreneurial agents (e.g. Alvarez & Barney, 2007; Sarasvathy, 2001) (see also Bennett & Chatterji, 2021; Davidsson, 2015; 2021).

This situation is rapidly changing for strategy since perspectives with an excessive focus on firm resources are becoming increasingly aware of the role of stakeholder environments in value creation processes (Amis et al., 2020; Barney & Harrison, 2020; Freeman et al., 2021; McGahan, 2021). Yet, while strategy theory is rebalancing the focus between firms and environmental conditions, entrepreneurship theory has yet to fully acknowledge the determining role of a multitude of stakeholders for venture success. That entrepreneurship theories are largely agent-centric as opposed to stakeholder-centric is rather unsurprising. As noted by Venkataraman (2019), entrepreneurship and stakeholder theory have developed independently, in spite of the mutual benefits that an intellectual crossbreeding of these scholarly disciplines can harvest.

The motivation of this article is to offer a decisive step toward such a crossbreeding. We argue that stakeholder theory affords powerful theoretical lenses for moving entrepreneurship theory beyond its strong agent-centric focus (Davidsson, 2020; Shepherd, 2020), towards more outward-looking conceptualizations of entrepreneurial action and success. Since the field of entrepreneurship 'is defined around the construct of opportunity' (Venkataraman, 2019, p. 163), our article aims to realize its theoretical ambition by fertilizing the opportunity concept with key insights from stakeholder thinking.

The main opportunity perspectives are *discovery*, *creation* and *actualization* (see Alvarez & Barney, 2007, Ramoglou & Tsang, 2016; Shane & Venkataraman, 2000). A main way in which actualization departs from discovery and creation is that it allocates more power to market stakeholders. Whereas the discovery and creation perspectives put individuals possessing opportunity-discovery or opportunity-creation powers centre-stage, the actualization perspective prioritizes consumers. Accordingly, since the limits to what entrepreneurial agency can achieve are predetermined by conditions external to the entrepreneur, the actualization model posits that, oftentimes, (1) entrepreneurs venture in domains of 'non-opportunity' – contexts in which success is impossible, and (2) when they venture in opportunity contexts, opportunity-actualization might be a particularly agency-intensive process.

In spite of the traction that the actualization perspective is gaining (e.g. Bao et al., 2020; Berends et al., 2021; Davidsson et al., 2020; Dempster, 2020; Gras et al., 2020; Hu et al., 2020; Ramoglou & McMullen, 2021), we maintain that it has yet to reach its full theoretical potential as an outward-looking perspective of entrepreneurship. From the standpoint of stakeholder theory, actualization fails to acknowledge the entirety of the stakeholders necessary for the actualization of desirable outcomes and maintains a rather myopic focus on market stakeholders. Second, akin to standard economic thinking, actualization assumes that attending to economic considerations offers the most rational path towards the optimization of economic outcomes. In so doing, it inadvertently downplays that the most sustainable financial outcomes might actually involve the satisfaction of multifaceted stakeholder needs and interests (Freeman, 1994; Freeman et al., 2010).

Accordingly, we try to augment the actualization approach by mobilizing two key insights of stakeholder theory: (1) '*all stakeholders* have customer-like power' (Freeman et al., 2018, p. 19) and (2) entrepreneurial agency *bounded* by noneconomic considerations may be a necessary ingredient of economic success (Bosse & Phillips, 2016). Fertilizing opportunity theory with these two insights entails a *narrower* and *deeper* opportunity space. The opportunity space becomes narrower because the acknowledgement of a complex network of nonmarket stakeholders entails that – even when market conditions are mature – entrepreneurs may still venture in non-opportunity domains. The reason is that the surrounding stakeholder environment can be particularly hostile and impossible to be swayed by means of charismatic leadership. The opportunity space becomes deeper because – even when venturing in the domain of opportunity – opportunity-actualization may be impossible in the absence of an adequately stakeholder-centric mode of entrepreneurial agency. The reason is that stakeholders are hardly ever just economically rational actors interested only in maximizing their own utility. By and large, stakeholders are also ethical human beings who desire to treat others and be treated themselves fairly (Bosse & Phillips, 2016; Bosse et al., 2009).

In all, paying attention to (1) nonmarket stakeholders and (2) noneconomic considerations strengthens the deterministic leanings of recent entrepreneurship theory (Davidsson et al., 2020; Ramoglou, 2021a).[1] In doing so, we more decidedly move beyond the notion that entrepreneurs have the power to create opportunities or that entrepreneurial success is a matter of a fairly simple process of discovering new venture ideas (Bennett & Chatterji, 2021; Davidsson, 2015; Foss & Klein, 2020; Ramoglou, 2021b). As importantly, we argue that a stakeholder-centric opportunity worldview – that acknowledges (1) the limits of entrepreneurial agency and (2) the boundaries of the economic mindset – harbours the potential to raise more entrepreneurs who are sensitive to context and ethics.

The theoretical extension of the actualization approach further leads to the practically relevant concept of ‘strategic opportunity thinking’ (SOT). We propose that SOT adds nuance to the ‘lean startup’ framework (Blank, 2007; Ries, 2011); namely, the practice-oriented approach meant to help entrepreneurs improve their chances of success by advising them ‘*where* to play’ and ‘*how* to play’ (Shepherd & Gruber, 2021, p. 5). Strategic opportunity thinking can help entrepreneurs decrease the likelihood of entrepreneurial failure by advising where and how *not* to play. More specifically, we call special attention to matters of stakeholder Power, Interest, Belief-systems and Empathy – the PIBE framework – in structuring entrepreneurs’ thinking about the contexts they would better avoid.

The article is structured as follows. The following section reviews the main opportunity perspectives. The third section offers a critique of the actualization model in light of key insights of stakeholder theory. The fourth and fifth sections, respectively, narrow and deepen the opportunity space. In the sixth section, we flesh out implications for the lean startup model. The last section is a discussion.

## Discovery, Creation, Actualization

### *Discovery and Creation*

Shane and Venkataraman (2000) start their seminal paper noting that the progress of entrepreneurship research has been hindered by the absence of a framework that facilitates the prediction of entrepreneurial phenomena. Against this background, they draw from Kirzner’s (1979; 1985) critique of economic equilibrium: Economies never equilibrate because there do always exist undiscovered opportunities awaiting exploitation by alert entrepreneurs. Accordingly, Shane and Venkataraman suggest that entrepreneurship involves two empirical phenomena: ‘enterprising individuals’ and ‘entrepreneurial opportunities’. Alas, the promise of a predictively successful study of entrepreneurship is yet to be delivered. We still do not know who will respond to ‘discoverable entities’ named ‘opportunities’, let alone what makes entrepreneurs distinctively ‘different’ from so-called non-entrepreneurs (Gartner, 1989; Ramoglou et al., 2020).

Alvarez and Barney (2007) influentially juxtaposed the creation view as an alternative way of thinking about opportunities. They ask: 'what if entrepreneurial opportunities were not like mountains, just waiting to be discovered and exploited [and] the right metaphor for entrepreneurship is not "mountain climbing" but, rather, "mountain building"' (2007: 11)? Whereas in the discovery model opportunities pre-exist action, in the creation model opportunities simply "do not exist until the entrepreneur enacts [them]" (Alvarez & Barney, 2014, p. 165). This perspective does justice to the creative effort involved in entrepreneurship. Importantly, it calls attention to the significance of mobilizing critical resources and enrolling stakeholders necessary for bringing new ventures into fruition (Alvarez et al., 2021; Burns et al., 2016; Fisher et al., 2020; Suddaby et al., 2021; Welter et al., 2016). And contrary to the discovery model, it rejects the notion that entrepreneurs are ex ante distinguishable individuals (see also Sarasvathy, 2008).

### *Is There Opportunity Without Consumers?*

Both the discovery and creation approaches have contributed immensely to opening up discussions about the foundations of entrepreneurship theory (see Alvarez et al., 2014; Braver & Danneels, 2018; McBride & Wuebker, 2021; Wood & McKinley, 2020). However, both perspectives have also received significant criticism. Most critiques call attention to matters of conceptual clarity and consistency (Davidsson, 2021).[2]

For the purposes of the present article, we will concentrate on discovery and creation's treatment of the single most important stakeholder category of any for-profit entrepreneurship venture: *consumers*. The discovery and creation perspectives are heavily weighted towards supply-side opportunities (Packard, 2017; Packard & Burnham, 2021), namely, the 'opportunities *to produce* new products or services' (Alvarez & Barney, 2007, p. 2015; emphasis added). Accordingly, the stakeholders at the centre of this approach are funders and supporting networks that can help entrepreneurs identify new venture ideas (Arenius & De Clercq, 2005; Wood, et al., 2021) or bring a new venture (or product) into fruition (Alvarez et al., 2015; Engel, Kaandorn & Elfring, 2017). The fact that the key stakeholder of for-profit projects is often out of the picture has motivated Webb and colleagues to aptly ask: 'Where is the opportunity without the customer?' (Webb et al., 2011, p. 537). As they put it, 'entrepreneurship scholars have largely assumed market opportunities (in essence, the presence of customers) to exist' (idem). Bao and colleagues more recently caution that 'both the discovery perspective and the creation view are oriented towards the supply side … while neglecting or taking for granted the existence of customer needs as the background and premise' (Bao et al., 2020, p. 41).

### *Actualization*

Whereas discovery and creation are heavily focussed on the supply-side, actualization counters that opportunities lie in the demand-side (Ramoglou & Tsang, 2018). In this view, new ventures, products or services are *not* opportunities; rather, supply-side entrepreneurship is the *means* of actualizing entrepreneurial goals. But opportunities *themselves* lie in the demand-side conditions necessary for the actualization of profitability – which exist *independently* of enterprising agents (McMullen, 2015; Ramoglou & Tsang, 2016).

According to actualization, opportunity approaches often presuppose an under-socialized view of entrepreneurs. This is not to doubt that stakeholders are acknowledged as important for the discovery of ideas, creation of new ventures, or their eventual success. Entrepreneurs are under-socialized *in the sense* that it is assumed that they can invariably influence market actors – downplaying that, oftentimes, the latter may simply be unwilling to play along. As noticed by Frank Knight, it is fallacious to assume that entrepreneurs can achieve their goals independently of the constraints imposed by 'social wants, prejudices, preferences or repulsions' (Knight, 1921, p. 77–78). Yet, once entrepreneurs are assigned opportunity-creation powers, it is unclear how societal constraints can prevent the fulfilment of their dreams (cf. Eckhardt & Shane, 2013, p. 162). Creation is, accordingly, criticized for falling for the fallacy of possibilism (Ramoglou & Tsang, 2017), and inadvertently perpetuating 'the traditional myth of the entrepreneurial hero' (Reich in Ruef, 2010, p. 18).[3]

Actualization counters that entrepreneurs operate within the limitations imposed by the market structures in which entrepreneurial agency is embedded. In the actualization model, the real leader is not the entrepreneur – 'the real leader is the consumer' (Schumpeter, 1983, p. 21). In an important sense, actualization affords a structuralist critique of the agent-centric and inward-looking orientation of entrepreneurship theory (Davidsson, 2015, 2020). Moving away from a worldview in which all contexts are (in principle) opportunity contexts and entrepreneurs hold the script in their hands, actualization prioritizes consumers and non-opportunities. In the absence of pre-existing demand conditions, entrepreneurial success is simply impossible: 'like watering soil where no seeds exist, venturing in the [non-opportunity] domain cannot be profitable, regardless of the level of effort or entrepreneurial resourcefulness' (Ramoglou & Tsang, 2016, p. 410). The possibility-deterministic view stands in stark contrast with the possibilist view at the philosophical foundations of the creation approach, according to which entrepreneurs can engage in 'world-making' (Alvarez & Porac, 2020; Baker & Nelson, 2005; Sarasvathy, 2021).

We have seen that discovery and creation are often criticized for taking the existence of consumer needs for granted (Bao et al., 2020; Webb et al., 2011). It is true that discovery assumes the pre-existence of willing consumers (McCloskey, 2013; Packard & Burnham, 2021). However, creation is not accountable for this assumption. According to creation approaches, consumers will need to be educated on the uses and applications of the created 'opportunity' (e.g. Alvarez & Barney, 2014), entrepreneurs should craft beliefs conducive to the consumption of their offerings (e.g. McBride & Wuebker, 2021), and/or create the very conditions of new product desire (e.g. Braver & Danneels, 2018). According to actualization, creation may not be accountable for taking for granted the pre-existence of consumer demand; however, it *is* accountable for taking for granted that entrepreneurs can invariably stimulate the consumer demand necessary for venture success. In a worldview in which possibilities must not pre-exist 'out there' but can be created by entrepreneurial agency, there are simply no limits to what entrepreneurs can create. There is no notion of structural impossibility, and failures must be logically attributed to inadequate entrepreneurial deeds.[4]

## A Stakeholder Theory Critique of Actualization

Actualization has certainly helped make the opportunity construct more realistic. Yet, if assessed from the standpoint of stakeholder theory, it has still to reach its full potential as a theoretical perspective that faithfully captures the realities that aspiring entrepreneurs confront. On the one hand, it successfully departs from the unrealistic presuppositions of mainstream economic theory (Lawson, 2003, 2013) and resists the temptation to downplay the manner in which reality conditions the limits to the possible. On the other hand, however, it has yet to fully break free from the narrow presuppositions at the heart of the mainstream economics project (Freeman et al., 2020; Lawson, 1997; Ramoglou, 2021a).

In this article, we mobilize stakeholder theory in order to help opportunity theory reach its full potential. After all, stakeholder theory emerges as a theory fundamentally interested in bridging the gap between academic theory and the realities that managers actually face (Freeman, 2010). It criticizes the unrealisticness of economic theory rooted in ideological oversimplifications of real-world economies (Bosse et al., 2009; Freeman et al., 2004) and juxtaposes a theoretical framework that more accurately depicts the complex business landscape that organizations ought to navigate. Importantly, stakeholder theory is in sync with the actualization approach's rejection of possibilism and acceptance of a healthy degree of environmental determinism. As stressed by Freeman and colleagues:

> the external environment can and should play a role in deciding on strategies [and] industry, social, political, technological, and economic forces should factor into an evaluation of whether an alternative is reasonable … Stakeholders tend to be very aware of market forces, and would likely make a suggestion only after evaluating the idea against market realities in their own minds (Freeman et al., 2018, p. 57–58).

Harrison and John similarly acknowledge that 'it is not necessary to completely reject determinism and the view that organizations should adapt to their environments' (2010: 9). Traditional strategic management likewise acknowledged the limits of what managerial agency can achieve by calling attention to powerful consumers and competitors (Porter, 1980; Spanos & Lioukas, 2001). However, stakeholder theory strengthens the outward-looking orientation of earlier strategic management by bringing front and centre the stakeholders marginalized by mainstream economics and business studies, such as employees, NGOs and local communities (Boaventura et al., 2020; Freeman et al., 2020) (see also Freeman et al., 2021; McGahan, 2021; Parmar et al., 2010).

Stakeholder theory does not only *broaden* the stakeholder base. It also *deepens* it by pushing strategic thinking beyond the 'separation fallacy'. According to this limited way of thinking about business: 'The discourse of business and the discourse of ethics can be separated so that sentences like, "x is a business decision" have no moral content, and "x is a moral decision" have no business content' (Freeman, 1994, p. 412) (see also Sen, 1987; 1994). Overcoming the separation fallacy helps managers realize that they are dealing with 'real people with names, faces and families' (McVea & Freeman, 2005: 58) – not impersonal forces (e.g. Porter, 1980). In return, appealing to the human side of stakeholders can help improve the strategic position of their organizations (Freeman et al., 2021). Unlike the brute forces of nature, humans are responsive to just treatment: 'Firms that treat stakeholders fairly (unfairly) generate increased (decreased) performance as stakeholders reward (punish) the firm for its behaviour' (Bosse & Sutton, 2019, p. 200).

From the vantage point of stakeholder theory, the actualization perspective suffers from two limitations. First, it is narrowly focussed on consumers, downplaying the entirety of stakeholders making the 'opportunity space'. Second, it does not divorce from the standard economics assumption that paying attention to economizing principles of profit maximization makes the optimum path for meeting economic goals. Stakeholder theory can rectify the first shortcoming by *narrowing* the opportunity space – effectively, improving our understanding of the stakeholder environments that an entrepreneur should better avoid. In turn, stakeholder theory can rectify the second shortcoming by *deepening* the opportunity space – effectively, helping entrepreneurs and theorists alike to appreciate that economic success requires much more than simply paying attention to economic matters.

## A Narrower Opportunity Space

### *Taking Hostile Nonmarket Stakeholders Seriously*

Akin to standard economic theory, the actualization approach presumes that the main uncertainty is whether sufficient demand for any given product (or service) will exist. With little doubt, a venture is ill-fated in the absence of sufficient demand at a profit-generating price (Knight, 1921).

Yet, is demand alone sufficient for a venture to be profitable? We submit that it is not. Even if there are no unknowables about the key ‘opportunity ingredient’ (Ramoglou, 2021b) of consumer demand, there might still be several uncertainties about the reaction of *nonmarket* stakeholders. This is a nontrivial thesis. Typically, we are preoccupied with ‘those subsets of individuals and institutions who can help generate economic profits’ (Barney, 2018, p. 3320; see also Jensen, 2001; Porter, 1980). Yet, this kind of opportunity-driven mindset makes us oblivious to stakeholders who do not visibly contribute to the generation of profits but can still threaten the operational and financial viability of a venture.

Let us examine how, in the real world of venturing, nonmarket stakeholders may also determine venture success. Consider the difficulties that abortion clinics face when venturing in areas where abortion providers are heavily stigmatized (Hudson, 2008). They often face disruptions from the local community as well as stricter state laws and their tougher enforcement. In such contexts, the presence of demand and the absence of competition can make entrepreneurs myopic to the threats coming from the multiplicity of stakeholders who find abortion incompatible with their religious belief-systems and may try to drive such clinics out of business. In another example, when the Walt Disney Company tried in 1994 to build a history-theme park in Virginia, near the Civil War battlefield of Manassas, it had to eventually abandon a US$600 million project (Blitz, 2019). Disney did not pull out due to competitive or regulatory obstacles, but due to the opposition from the local community. Powerful stakeholders, particularly wealthy executives and journalists who had their horse ranches in the area and did not want to be disturbed by the operations of a theme park, felt that their interests were threatened by the project. They therefore launched a public relations campaign about the insult that such a project would mean for American history; a campaign that eventually won over a large swathe of the public.

Furthermore, the plans for the creation of a league comprising of elite European football clubs on the prototype of American sports leagues failed due to the unexpected opposition that the project faced from European fans and politicians. Although the project made good financial sense, its pioneers did not anticipate that it would be so fiercely opposed. The ambitious European Super League project was derided as an ‘Americanization’ of European football and at odds with the community values that sports clubs ought to embody (Benton, 2021; Syed, 2021; Tharoor, 2021). Last, consider how a yacht charter company operating from a Greek island faced extinction due to the hostile behaviour from the local community because the owners were nonlocals. According to the owners, this hostility could take the form of direct violent confrontation from the locals. However, it also manifested itself more indirectly, when local stakeholders forged unfavourable conditions for the operation of businesses founded by nonlocals; for example, when the port association only allocated commercial spots to yachts owned by local entrepreneurs through particularly non-transparent processes (Konstantinos Lagogiannis, personal communication).

These examples demonstrate that nonmarket stakeholders may well make a venture context a non-opportunity domain even if there is no uncertainty about the existence of the right market ingredients. Competing stakeholder interests and belief-systems – particularly among powerful stakeholders – can erect unsurmountable barriers to new venture success. We have seen that actualization critiques the discovery approach for taking the existence of consumers for granted. We may similarly critique actualization for taking *nonconsumer* stakeholders for granted. Packard and Burnham (2021, p. 13) emphasize ‘the principle of consumer sovereignty’. We add that ‘the principle of stakeholder sovereignty’ can be equally critical in navigating ventures away from environments inhabited by hostile nonmarket stakeholders – considerations of market forces aside. We ought to move beyond the limiting notion that ‘it is the consumer who holds the power of riches or bankruptcy over the heads of entrepreneurs’ (Horwitz, 2019, p. 24–25), to acknowledge that entrepreneurial ventures may also be ‘beheaded’ by hostile nonmarket stakeholders.

In strengthening the theoretical intuition about the limited power of entrepreneurs in hostile stakeholder environments, we may further consider that stakeholder research is ripe with illustrations of the failure of even the most powerful lobbies to willingly shape stakeholder perceptions as they see fit. Take, for example, how powerless car manufacturers proved to be when trying to affect legislation (Freeman et al., 2018) or tobacco manufacturers in trying to alter public perceptions about smoking (Barnett, 2007). Barnett (2007) also points out that the ability of firms to influence their stakeholders is limited by how the history of the firm shapes the extent to which they can favourably manipulate stakeholder perception. McDonalds is, no doubt, a powerful company armed with vast financial resources. Yet, it would be rather futile for McDonalds to rebrand itself as an obesity-fighting company. If stakeholder environments pose severe limitations even against gigantic corporations or powerful lobbies, we cannot but acknowledge the way hostile stakeholder environments can constrain the success prospects of entrepreneurs, who typically lack the requisite resources in the first place (see also Pollack et al., 2017).

An important caveat before we proceed. We have hitherto stressed that stakeholders are sovereign agents and not passive entities responding willingly to entrepreneurs' efforts. However, we ought to clarify that this does not mean that entrepreneurs are entirely powerless. Oftentimes, they have the power to favourably influence stakeholder environments, and studies in creation have in fact made important advances in this regard. According to Burns et al. (2016), in conditions of deep uncertainty, entrepreneurs must rely on their own qualities and talents in order to enrol various stakeholders chiefly through the formation of psychological bonds and networks. Similarly, Fisher et al. (2020) call attention to the role of entrepreneurial hustling in enrolling venture stakeholders, and McBride and Wuebker (2021) study the manner in which entrepreneurs can shape stakeholder beliefs in order to make them more receptive towards their ventures (see also Alvarez & Sachs, 2021; Suddaby et al., 2021).[5] As we will explain in greater detail in the discussion section, the meaningful question is not whether entrepreneurial agency matters. It surely does. The meaningful question is *when* it matters. Business agents (often) have the power to manage (some) stakeholders. But they do not have the power to favourably change stakeholder attitudes and behaviours if the latter themselves are not willing to change.

### *Distal but Interconnected Stakeholders*

Stakeholder theory can further facilitate the insight that hostile stakeholders might not be easy to detect from the outset, particularly when the immediately affected stakeholders are relatively powerless. Yet, powerless stakeholders may mobilize *other* powerful stakeholders or the broader community. For example, this can happen when nonfocal stakeholders (affectively) empathize with a group that is being treated unfairly (Ferns et al., 2021; Zaki et al., 2008). According to Bosse and Phillips, 'fairness and reciprocity are social values that have been systematically undermined by the assumption of narrow self-interest' (2016: 277). Indeed, in the real world, we often observe agents opposing forms of business activity even when their *own* self-interest is *not* threatened. Consider as an example the North Sea Brent Spar case in 1996. Shell had to abandon its preferred option for deep-sea disposal of the Brent Spar because Greenpeace built a strong coalition of empathic supporters across Europe (Zyglidopoulos, 2002). Shell suffered from stakeholder myopia since it could not anticipate how a relatively negligible stakeholder (Greenpeace) could mobilize broader stakeholder dynamics necessary for making the 'deep-sea disposal' venture a non-opportunity. Relatedly, entrepreneurial activity can gradually translate into hardships for stakeholders in the form of negative externalities (Dew & Sarasvathy, 2007; Witt, 1996). Although such externalities can easily go undetected if the stakeholders affected are relatively weak, their accumulation may slowly start shaping the dynamics capable of 'shrinking' the opportunity space.

The case of Walmart well illustrates the damage that the accumulation of such externalities can beget over the long term.[6]

Here, we should stress that there is inevitably a subjective dimension to what 'counts' as opportunity. Opportunities do not invariably actualize when entrepreneurs break even. Entrepreneurs raise the opportunity yardstick higher when treating as success particularly high profit margins, or the existence of a continued revenue stream along the temporal dimension (Ramoglou, 2021b; Wood, Bakker et al., 2020). Relatedly, success typically transcends questions of short-term profitability, and the higher the subjective yardstick of expected outcomes, the more critical the power of nonmarket stakeholders. The reason is that, over the course of time, distal stakeholders might withhold the support necessary for achieving superior financial outcomes. As an example, many businesses have experienced the withdrawal of support at various stakeholder levels during the COVID-19 crisis. Some entrepreneurs have gone out of business due to consumers' fear of the virus, yet others due to the withdrawal of indirect forms of financial support provided by nonmarket stakeholders; take, for example, the European governments that cancelled subsidized tourism programmes to decrease the risk of imported infections. From a theoretical vantage point, this means that the domain of opportunity is not an immutable state of the world. The 'opportunity space' may well 'broaden' due to shifting macroeconomic conditions and enhanced market demand (Davidsson et al., 2020; Wolfram et al., 2012). However, it may also shrink, as it did for several entrepreneurs in the tourist industry in the summer of 2020 due to the unexpected changes in stakeholder ecosystems.

## A Deeper Opportunity Space

In the actualization model, opportunity lies in consumer *desire* for new products (or services) (Dempster, 2020; Ramoglou & Tsang, 2016). No doubt, in the absence of desire for entrepreneurial offerings, new business ventures are financially doomed. However, is the maximization of consumer economic utility the sole requirement for opportunity-actualization? Previously, we explained how the opportunity space becomes narrower once we take into cognizance the determining role of nonmarket stakeholders. In this section, we will deepen the opportunity space by explaining why venturing in an opportunity domain may not translate into successful outcomes due to the absence of a stakeholder-centric mindset. For even when consumers want the product and hostile stakeholders do not exist, opportunities may *still* remain unactualized if entrepreneurs are trapped in a narrow way of thinking about what makes humans 'tick'.

### *What Makes Humans 'Tick'?*

According to the rational-choice theory at the heart of mainstream economics, humans are 'incapable of human attachments based on mutuality and trust, unresponsive to human needs, approaching social relationships merely as rationally self-interested utility maximizers' (Friedman, 1989, p. 280). This standard view has also shaped strategic management thinking (Bosse et al., 2009; Freeman et al., 2020). In an attempt to 'add realism to the body of theory in strategic management' (Bosse et al., 2009, p. 448), Bosse and colleagues juxtapose *bounded* self-interest in order to call attention to the fact that 'actors' desire for utility maximization is bounded by norms of fairness' (idem). Importantly, this theory is not meant to advance a naively altruistic model of human behaviour where self-interest is absent: 'Concern for fairness means we are self – *and* other – regarding, not just self-regarding' (Bosse & Harrison, 2011, p. 195).

This way of thinking about stakeholders points to an alternative way of thinking about firm performance. Whereas standard economic logic suggests that firm performance is maximized in the difference between prices received and costs incurred, Bosse et al. (2009) theorization suggests that firm success may actually require a far more complex managerial mindset than what narrow economic thinking allows. If firm performance is *not* reducible to economic transactions, business agents cannot always actualize economically possible states of affairs without paying attention to fairness-based considerations. This insight readily suggests that the core causal mechanism of opportunities in the actualization model, namely, the desire for new products or services should be deepened to accommodate the *desire for fair treatment*. To be sure, the fulfilment of this more nuanced kind of consumer desire may often require the investment in relationships with stakeholders; an investment that appears irrational from a *shareholder*-centric view of value creation (Bosse et al., 2009; Bosse & Harrison, 2011). Yet, these costs are seen as irrational only against the backdrop of a limiting conception of humans according to which they lack the disposition to reciprocate fair behaviour. Once we take the notion of reciprocity seriously enough, we should rethink 'costs' as a major investment in unleashing powerful stakeholder dynamics (Asher et al., 2005; Harrison et al., 2010).

Accordingly, the stakeholder-centric view of value creation advises that business agents break free from limited models of value maximization. The reason is that investing in stakeholder relationships can unlock potential for value creation by unleashing win-win dynamics that may even be the source of competitive advantage (Amis et al., 2020; Harrison et al., 2010). For example, when consumers are treated with dignity and feel that their views are taken into account, they can become enthusiastic ambassadors of a venture (Freeman et al., 2007, 2018). By the same token, if customers feel that they are not valued or treated respectfully, they can harm entrepreneurial ventures by not lending their financial support; or even by starting to support competitors offering a less economical substitute (see also McVea & Freeman, 2005; Tantalo & Priem, 2016). As an example, Sisodia et al. (2007, p. xviii) explain that the 'culture of love' nurtured at Costco did not only protect employees from being paid less and consumers from being charged more (as per Wall Street analysts' advice); ironically, caring for *stakeholders* simultaneously served the interests of *shareholders* since mistreating the former at the altar of (short-term) profitability would have prevented the business operation from harnessing wholesome reciprocal dynamics (Freeman et al., 2018, 2021).

An example that powerfully illustrates how meeting fairness-based considerations can be more important than meeting consumers' utility functions is the case of *iTunes* (see Isaacson, 2011, p. 225–233). Music companies had taken it for granted that users could not possibly *desire to pay* for what they can get for free via pirate streaming platforms. Yet, Steve Jobs realized that most users were fundamentally ethical human beings and not just single-minded economic optimizers. Thus, Jobs appreciated that free downloading did not (invariably) signal an economically preferable behaviour but that most users downloaded illegally because 'there's just no legal alternative' (Jobs in Isaacson, 2011, p. 226). This more nuanced understanding of human nature, in turn, led to the development of the highly successful *iTunes* service that satisfied the desire for the ethical consumption of music.

## *Distal but Interconnected Stakeholders*

As aforementioned, not attending to noneconomic consumer desires may not only blind entrepreneurs to possibilities for value creation such as in the case of *iTunes*; even worse, it can prevent entrepreneurs from adopting the more nuanced opportunity mindset that may be necessary for opportunity-actualization. Of course, individual consumers hardly ever have the power to individually prevent venture success. However, they may have the power to trigger a chain of reactions that can paralyse the stakeholder infrastructure essential for the economic viability of a business venture. The reason is that the various layers of stakeholders do not exist as autonomous and somehow isolated entities. As discussed above, empathic stakeholders' *shared* desire for fair treatment can unravel destructive dynamics among stakeholders who are not directly affected but naturally repelled by firms violating moral norms. Freeman, Harrison and Zyglidopoulos put this as follows:

> a potential customer can become aware of how a firm treats its customers through word-of-mouth or through consumer reports and media coverage. Potential employees tend to find a stakeholder-oriented company a much more attractive prospect relative to other companies that do not have such a reputation. Suppliers, communities, and financiers likewise respond favorably to a firm with a good reputation and unfavorably to one with a tainted reputation (2018: 6).

To be sure, such destructive dynamics need not always originate from consumers. Other stakeholders, such as suppliers or employees, can also mobilize a negative spiral of reactions. This is particularly the case if employees are perceived to be victims of exploitation, or when entrepreneurs collaborate with suppliers benefiting from child labour or other unethical practices in economies with more lax institutional environments.

These insights about what makes humans 'tick' are far from trivial. They speak to the need to rewrite the foundations of economic thought. Interestingly, Bosse and colleagues' (2009) theoretical propositions find support in Adam Smith who is routinely cited as the intellectual apologist of the narrowly self-interested model of economic action. Yet, as Smith and Wilson recently clarify:

> acting in one's "own interest" need not entail putting one's own interest above another's interest in commerce, which is what acting with self-interest quite fundamentally means then and now. In *Sentiments* Smith often uses "selfish" to clearly demark the narrower meaning of self-interest (2019: 4).

Echoing Adam Smith (2010), Smith and Wilson further bemoan that 'we have lost sight of the fellow feeling by which human beings gravitate towards one another, and we have lost sight of the sentiments that excite human beings to act and by which human beings judge their own and one another's conduct' (2019: xvi). It is tempting to conjecture that the success prospects of new ventures could considerably improve if entrepreneurs appreciated that the essence of economic opportunity might often lie in the *non*economic factors exciting stakeholders and gravitating them towards their entrepreneurial deeds.

In letting stakeholder theory further enrich our understanding of entrepreneurial opportunities, note that the actualization model suggests that some opportunities can *easily* actualize once economic desires are satisfied. As an example of this kind of opportunity, Ramoglou and Tsang (2016) discuss the production of drugs that satisfy undeniably existing consumer demand. Stakeholder-centric thinking forces us to question how common this type of opportunity may be. Once we value the importance of stakeholder-centric agency, it is tempting to think that the vast majority of opportunities should be agency-intensive (Davidsson et al., 2020; Ramoglou & Tsang, 2016) – that is, difficult-to-actualize without catering for a number of stakeholders who are not narrowly interested in maximizing their economic utility. As an example, it should not be taken for granted that the vaccines for COVID-19 will unquestionably be financial success stories for pharmaceutical companies. If profit-based considerations prevent governments in poorer countries from purchasing them, and this business strategy results in avoidable deaths, there may emerge a massive institutional backlash sufficient to put the economic viability of the pharmaceutical innovation at risk. It appears that strategic foresight of this sort can explain *Johnson & Johnson's* commitment to a non-profit strategy with the COVID-19 vaccine (Johnson & Johnson, 2020).

To recap, the core 'opportunity ingredient' (Ramoglou, 2021b), namely, consumer desire for new products, should be enriched to accommodate the complexity of the noneconomic dynamics that may be at play (Bosse et al., 2009; Bosse & Phillips, 2016). From the standpoint of stakeholder theory, the satisfaction of the economic desires of consumers should (typically) be insufficient for the actualization of opportunity without paying due attention to the noneconomic desires of both market and nonmarket stakeholders. To wrap up, if a narrower opportunity space entails that opportunities exist less frequently than hitherto appreciated, a deeper opportunity space entails that, whenever they *do* exist, they are more difficult-to-actualize. In conjunction, a narrower and deeper opportunity space reveals that environmental considerations make entrepreneurial success a more complex and demanding process than what opportunity perspectives have hitherto acknowledged.

## Strategic Opportunity Thinking and the Lean Startup

### *The Lean Startup and Stakeholders*

Dimov and colleagues (Dimov et al., 2021) and Shepherd and Gruber (2021) urge that we narrow the gap between academic theory and entrepreneurial practice. Responding to this call, we may distil practical implications of our theoretical development by adding nuance to the lean startup framework (Blank, 2007; Ries, 2011) (see also Grimes, 2018; Hampel et al., 2020). The lean startup is an approach to entrepreneurship that does *not* offer recipes for success. Embarking on the observation that startup failure is a ubiquitous phenomenon, it more modestly tries to help entrepreneurs reduce the chances of failure and, at an aggregate level, decrease the frequency of failed startups (Blank, 2013). To this end, the lean startup framework guides entrepreneurial action by providing tools meant to address two key questions: 'how to play' and 'where to play' (Shepherd & Gruber, 2021) (see also Gruber & Tal, 2017; Osterwalder & Pigneur, 2010).

Akin to actualization, the lean startup is also deterministic, but not sufficiently so. The lean startup framework rejects the notion that entrepreneurs have the power to invariably create product-market fit and acknowledges the limitations of marketing and persuasion techniques (Ries, 2011; Shepherd & Gruber, 2021). Accordingly, entrepreneurs are advised to pivot when their conjectures about consumer demand are empirically disconfirmed (Ries, 2011, p. 170–171; see also Blank, 2007; Gruber & Tal, 2017), even to entirely abandon the project (Shepherd & Gruber, 2021; Wood et al., 2019). Although the lean startup embraces possibility-determinism, it is not adequately deterministic because it fails to pay due attention to the manner in which *nonconsumer* stakeholders shape the limits to the possible. Although entrepreneurs are advised to pivot when consumers do not respond, they are hardly ever advised to pivot when it is *nonconsumer* stakeholders who do not respond.

Our theorization can enrich the lean startup approach by integrating a stakeholder-centric mindset that we may name strategic opportunity thinking (SOT). The lean startup method places emphasis on actionable heuristics advising entrepreneurs what to do. In addition, it emphasizes the market component of opportunity, as communicated by the most recent addition in the lean startup toolkit, namely, the *Market Opportunity Navigator* (Gruber & Tal, 2017). Strategic opportunity thinking emphasizes *negative* heuristics meant to advise entrepreneurs 'what not to do' (Collis, 2016, p. 62; Gans et al., 2019, p. 739), and encompasses a broader array of stakeholders beyond a myopic focus on consumers.

Let us explain how the more abstract propositions about a narrower and deeper opportunity space afford the key pillars of SOT, by advising – to paraphrase Shepherd and Gruber (2021: 971) – entrepreneurs where and how *not* to play. Particularly, SOT warns against the blind-to-stakeholders mindset that (1) can sleepwalk entrepreneurs into the territory of non-opportunity and/or (2) prevent them from the actualization of real yet not easy-to-actualize opportunities. Let us unpack.

### *Where (Not) to Play*

Following the scientific method, the lean startup method counsels entrepreneurs to articulate their assumptions into hypotheses and test them against the real world. This approach is meant to help entrepreneurs appreciate that their beliefs about the world may be nothing but simply that – *beliefs* (Ries, 2011). Importantly, this view is in line with business scholarship's growing appreciation of entrepreneurs as 'actors engaged in the structured testing of hypotheses through experiments' (Shelef et al., 2020, p. 4). Experimentation helps entrepreneurs scrutinize the assumptions of otherwise sterile business plans that often boil down to expressions of wishful thinking (Agrawal et al., 2021; Hall & Hasan, 2020). Yet, whereas entrepreneurs are encouraged to test assumptions about the usual suspects, namely, consumers and suppliers (Blank, 2007), the scope of this approach to business venturing can be expanded to encompass the broader stakeholder dynamics that, as discussed, may prove as critical for opportunity-actualization.

To this end, entrepreneurs could be encouraged to reflect on their preconceptions about the stakeholder environment. After all, when entrepreneurs enter new contexts, their minds are not akin to clean slates. They have expectations shaped by prior experiences as well as the amalgamation of beliefs about the world (Bennett & Chatterji, 2021; Krueger, 2007). Our analysis has called attention to the importance of stakeholder power, interests, belief-systems and empathy in line with relevant insights from strategic management (see, respectively, de Lange & Valliere, 2020; Freeman et al., 2018; Ferns et al., 2021; Tong et al., 2020).[7] Accordingly, we suggest that alerting entrepreneurs to the importance of stakeholder *p*ower, *i*nterests, *b*elief-systems and *e*mpathy – what we may call the *PIBE* framework – can help structure entrepreneurs' rational imagination (Packard & Burnham, 2021). More specifically, this can be accomplished by reflecting on the following sets of questions:

*Power*: What market and nonmarket stakeholders have the power to prevent the actualization of the end states driving entrepreneurial action (financial or otherwise)? Who are they? What is the source of their power and how could they practically exercise it? Can I influence them? How?

*Interests*: Are the interests of such stakeholders threatened by the new venture in any way? How, precisely? Is it possible that some stakeholders perceive a threat that is in fact non-existent? If so, can such perceptions be managed or corrected? How?

*Belief-Systems*: Are venture characteristics incompatible in any conceivable way with the belief-systems of relevant stakeholders? What are those belief-systems and how deeply rooted are they? Can they be reframed as compatible? If so, with what sort of strategies?

*Empathy*: Are there more distant yet powerful stakeholders who could empathize with local stakeholders? How distant are they and what kind of distance is involved (geographical, cultural or economic)? In what ways could such stakeholders be alerted to the (perceived) suffering of the latter? What belief-systems do they share and how likely is it that they trigger affective action?

The PIBE framework is meant to guide and afford structure to entrepreneurs' reflective exercises about the manner in which stakeholders may prevent entrepreneurial dreams from actualizing. Notably, the proposed framework acknowledges space for agentic intervention, accommodating thus the insight that (some) entrepreneurs (sometimes) have the power to influence and enrol (some) stakeholders (cf. Alvarez et al., 2020; Burns et al., 2016; Fisher et al., 2020; Suddaby et al., 2021; Wood & McKinley, 2010). However, it refrains from supposing that entrepreneurs can willingly shape their environments. Instead, it encourages a context-sensitive way of telling *when* this might be feasible as opposed to when a pivot might be advisable instead. Put differently, stakeholder management, engagement and enrolment can offer important agentic tools towards venture success. But *pivoting away* from hostile stakeholder environments can be a more suitable course of action and should, therefore, be added to the intellectual toolkit available to entrepreneurs. PIBE offers some guidance about the conditions under which the use of this tool might be advisable.

## How (not) to Play

A key idea in the lean startup framework is that entrepreneurs should pivot when entrepreneurial conjectures are tested and falsified. However, in the methodology of scientific inquiry, the absence of evidence does not invariably entail evidence of absence. Scientists should therefore be cautious of the 'absence of evidence is evidence of absence' fallacy (Altman & Bland, 1995; Keysers et al., 2020). Accordingly, the existence of a lucrative opportunity may be simply *pseudo*-falsified in the absence of anticipated outcomes. The reason is that, quite often, the existence of demand for a product may be dormant and will not actualize in the absence of adequate marketing or promotional efforts (Burns et al., 2016; Davidsson et al., 2020; Fisher et al., 2021; Ramoglou & Tsang, 2016; Suddaby et al., 2015; Wood et al., 2019). We may strengthen this line of reasoning by calling attention to the possibility that real economic opportunities can remain unactualized due to self-interested entrepreneurial agency unbounded by considerations of fairness.

According to Bosse and colleagues, 'firms that choose not to incur the costs associated with establishing perceptions of fairness among their stakeholders *suffer spiteful responses* from stakeholders who negatively reciprocate. The expected aggregate result when stakeholders respond negatively to a firm is value destruction' (2009: 453–454; emphasis added). This suggests that, oftentimes, the case might have simply been that real opportunities remain unactualized due to the failure to establish perceptions of fairness – even worse, by being perceived as unfair. An entrepreneur may venture into a domain of opportunity yet fail by being obsessed with market stakeholders and economic considerations. For example, when employees possessing key skills or information feel that they are treated as cogs in a profit-generating machine, they may well leave the venture for a competitor or choose to become competitors themselves (Freeman et al., 2018, 2021).

It follows, then, that aspiring entrepreneurs would benefit not only from the common practice of looking for 'brilliant' new ideas. Another way of searching for opportunities might be to examine failed ventures whose failure can be (meaningfully) attributed to the absence of a stakeholder-centric mindset. As an example, Eisenman (2021a) provides the case study of Quincy, namely, a venture that failed in spite of the fact that it met a real consumer need. The Quincy venture quickly became a commercial success since it addressed the need for tailor-made suits for female professionals. However, the project failed because the entrepreneurs behind Quincy did not secure the stakeholder support necessary for the actualization of this opportunity; they simply failed to develop the right kind of relationships with suppliers and investors. As a result, the 'Quincy opportunity' remained unactualized due to the absence of a stakeholder-centric mindset (see also Eisenmann, 2021b).

Importantly, the theoretical insight that a gulf can exist between the existence of an opportunity and its actualization in the absence of sufficient agentic effort adds nuance to the lean startup approach. It helps entrepreneurs resist the temptation to prematurely pivot away from possibly real yet difficult-to-actualize opportunities. Oftentimes, the idea might be right yet the exploitation strategy wrong (Agrawal et al., 2021). Of course, there is no fault-proof way of telling if an entrepreneur is more likely to commit an error of commission or omission. After all, it all comes down to individual judgement. As confessed by Ries, the lean startup does not offer 'a rigid clinical formula for making pivot or persevere decisions … There is no way to remove the human element – vision, intuition, judgment – from the practice of entrepreneurship' (2011: 149). We may add that what matters is making entrepreneurs more flexible and undogmatic in their interpretation of outcomes when venturing in 'conditions of high uncertainty with only noisy learning available' (Gans et al., 2019, p. 739). The point is not whether entrepreneurs will unquestionably succeed by embracing a stakeholder-centric mindset. What matters is that they are aware that the absence of evidence of opportunity is not – unquestionably – evidence of non-opportunity. What matters is that they do not pivot on a logically fallacious interpretation of outcomes.

Overall, our present intention is not to say the last word on such complex matters. Far from that: our intention is to add much needed nuance to the lean startup framework by calling attention to the ways in which stakeholder environments complicate the kind of information and knowledge that experimentation can generate about opportunity existence. Yet, questions relating to the relevance and value of experimentation for different ventures and stakeholders may only be addressed through further theoretical developments. Such developments ought to move beyond the temptation of oversimplified treatments of such complex epistemological problems (Felin et al., 2021; Ramoglou, 2021b), in the footsteps of Shelef and colleagues' work towards 'a strategic theory of experimentation' (Shelef et al., 2020, p. 38).

## Discussion

### *When Does Agency Matter? How?*

We have argued that entrepreneurial agency is simply irrelevant when entrepreneurs venture in environments in which the relevant stakeholders are not willing to play along. According to von Mises: 'A superficial observer would believe that [entrepreneurs] are supreme. But they are not. They are bound to obey unconditionally the captain's orders. The captain is the consumer' (in Packard & Burnham, 2021, p. 13). Effectively, this article called attention to the fact that there are *more* captains (stakeholders) beyond the consumer. The captains may sometimes be influenced. But stakeholders are sovereign agents whose attitudes and behaviours cannot change if they are not themselves willing to change (Ramoglou & McMullen, 2021). Yet, having discussed the limits of what entrepreneurial agency can achieve, we should refrain from the disposition to assume that all entrepreneurs are always helpless in all contexts – let alone that all stakeholders matter equally, irrespective of contextual and temporal considerations. As aforementioned, '(some) entrepreneurs (sometimes) have the power to influence and enroll (some) stakeholders'. Yet, *who* can successfully exercise entrepreneurial agency, *when* and *how*, are questions standing in need of systematic theoretical and empirical research.

This article worked at a fairly high level of theoretical abstraction (Cronin et al., 2021), calling attention to the bigger theoretical picture that has yet to receive the attention it requires in entrepreneurship studies. Yet, it is up to future research to theoretically distil the details of this 'big picture'. Put differently, our conceptual development marks but one step towards the more nuanced understanding of the ways in which pre-existing stakeholder environments condition who can achieve what and how. However, it is up to future research to develop systematic knowledge of the interplay between entrepreneurial ventures and stakeholder environments. To this end, researchers can study

1. what types of stakeholders are more difficult to influence,
2. how contextual differences make the same type of hostile stakeholder more or less immovable,
3. what makes stakeholders more or less difficult to influence in the first place,
4. what types of strategies are more suitable for changing the attitudes of swayable stakeholders,

5. the fit between varieties of strategies and varieties of stakeholders,[8]
6. the probable role of individual differences for the successful management and enrolment of stakeholders (when other entrepreneurs in similar contexts are unsuccessful),
7. whether and how the variance of pre-action learning about stakeholder environments affects subsequent performance and persistence (cf. Bennett & Chatterji, 2021) and
8. what forms of experimentation with (market and nonmarket) stakeholders can be trusted and when (cf. Shelef et al., 2020).

Importantly, the research orientation facilitated by this set of questions can help us move beyond academic riddles about agency versus entrepreneurial determinism (Freeman et al., 2018; Harrison & John, 2010). The dilemma is not whether we live in a world of opportunity or non-opportunity or whether entrepreneurial agency can actualize opportunities. The right dilemma is *which* contexts represent opportunities as opposed to non-opportunities and for *whom*, as well as *how* real opportunities may be actualized. These questions cannot be addressed with abstract theoretical propositions. For example, although we may know that '*all stakeholders* have customer-like power' (Freeman et al., 2018, p. 19), what we do not yet know is which stakeholders matter more, when and why. The development of this kind of knowledge requires patient research that brings front and centre the realities confronting entrepreneurs as well as the variance of such realities across different stakeholder contexts.

### Further Research Possibilities

Dimov and colleagues stress the need for more first-person research on issues animating our theoretical imagination, besides the often distanced from the real-world academic theories (Dimov et al., 2021). Future research along those lines could explore how entrepreneurs *themselves* think about the role of different stakeholders for the actualization of the ends motivating their entrepreneurial deeds. Do they acknowledge the constraining role of pre-existing stakeholder arrangements in line with the actualization approach? Or are they more likely to believe that they possess the power to favourably create the stakeholder environments required for achieving their ends? Entrepreneurs embracing the latter way of thinking about the world would align with the 'worldmaking mindset' (Alvarez & Porac, 2020; Sarasvathy, 2021) since this opportunity model philosophically endorses the view that opportunity need not pre-exist entrepreneurial action.

A further research possibility along those lines involves the study of the evolution of worldviews between novice and experienced entrepreneurs. It is tempting to conjecture that inexperienced entrepreneurs have an inflated perception of entrepreneurial power over their stakeholder environments, as opposed to more experienced ones that acknowledge the limits of what entrepreneurial agency can achieve. We propose that novice entrepreneurs will be more likely to see entrepreneurship as an act of worldmaking and thus prone to identifying the conditions of entrepreneurial achievement in personal entrepreneurial qualities. By contrast, we propose that more experienced entrepreneurs exhibit a more deterministic mindset and are more likely to be on the lookout for non-opportunity contexts. Let us translate these propositions drawing from the dialect of the lean startup that pivots on two key puzzles: *where* and *how* to play (Shepherd & Gruber, 2021): Novice entrepreneurs see more contexts as opportunity situations and are more likely to persevere in the face of adversity. By contrast, experienced entrepreneurs are more likely to discern threat in the very same contexts and pivot in the face of adversity.

Last, it would be promising to study an important entrepreneurial skill that is receiving growing recognition, namely, *cognitive empathy* (Kier & McMullen, 2018; McMullen, 2015; Packard & Burnham, 2021; Shepherd & Gruber, 2021). Entrepreneurs with higher levels of empathic accuracy should be able to better foresee threatening stakeholder dynamics that may likely unravel.

They should also be more likely to step out of limiting preconceptions and start seeing and breathing the world from stakeholders' points of view, comprising unique belief-systems and values. Future research on entrepreneurial empathy should examine the role of empathy beyond a narrow focus on understanding consumer desire.

## Cognate Theoretical Implications

*On institutional entrepreneurship.* Our present theorization problematizes a key tenet of institutional entrepreneurship. In this scholarly strand, institutional entrepreneurs mobilize resources against prevailing institutional norms, as they try to overcome the opposition of stakeholders, frequently named as 'institutional defenders' interested in perpetuating existing institutional arrangements (Battilana et al., 2009; Dimaggio, 1988). No doubt, sometimes entrepreneurial agents *can* mobilize other stakeholders and recruit them to the cause. And, occasionally, collective efforts can overcome the resistance of institutional defenders. But our possibility-deterministic theorization suggests that there are also contexts in which entrepreneurs cannot realistically instigate certain forms of change in the foreseeable future. In this vein, Dorado (2005) invites us to imagine an institutional change agent trying to introduce a Canadian-type health care system in the USA. Stakeholders such as doctors, insurance companies, taxpayers or private care facilities have divergent interests and worldviews, making it simply impossible for institutional entrepreneurs to succeed in this endeavour (see also Suddaby, 2010).

In all, our theorization strengthens the deterministic component of institutional theory systematically overshadowed by overly agentic accounts. Future research in institutional theory along those lines can try to tell the wheat from the chaff by facilitating a more nuanced understanding of the institutional contexts in which entrepreneurial efforts at institutional engineering are likely to be hopeless and should be better avoided, as opposed to contexts in which institutional efforts are worthwhile. Such developments could facilitate a context-sensitive understanding of the interplay between agentic power and structural determinism; revealing thus a potentially fruitful avenue beyond the structure versus agency debate (Cardinale, 2018; Harmon et al., 2019).

## On Determinism

The word 'determinism' has been placed under taboo in business research, and the social sciences, more broadly. There are good reasons for this. When determinism applies at the level of empirical events it makes a particularly problematic philosophical doctrine. The notion that what happens is predetermined by some metaphysical sort of decree is the expression of an unacceptable sense of the word 'determinism'. There is simply no 'Book of Destiny' dictating what should happen (Ryle, 1954). Although we reject event-determinism, we endorse possibility-determinism. We agree with Ramoglou and Zyglidopoulos (2015) that entrepreneurship theory suffers from the fallacy of possibilism, and with Shepherd & Gruber (2021) that the study of entrepreneurship suffers from an anti-failure bias (see also Aldrich & Ruef, 2018; Baker & Powell, 2016).[9]

Academic possibilist tendencies can be partly explained by an unbalanced focus on success stories (Aldrich & Ruef, 2018; Nightingale & Coad, 2014). Yet, John Searle suggests that the roots of possibilism lie deeper. According to Searle, the academic disposition to turn a blind eye to the way in which external arrangements constrain what we can achieve is an expression of post-modern irrationalism: "It is somehow satisfying to our will to power to think that 'we' make the world, that reality itself is but a social construct, alterable at will and subject to future changes as 'we' see fit" (1995: 158). It indeed feels satisfying to say that we can create the world we desire by spotting new venture ideas and/or creating new ventures or products – regardless of the probable existence of a hostile consumer base or unfriendly competitors or stakeholders of sorts. From a

Searlean standpoint, the real world that is otherwise necessary for the existence of entrepreneurial opportunity indeed appears 'too brute and uncaring' (idem).

But, perhaps, this is precisely what we need: More theories that are uncaring of what entrepreneurial agents may desire. The reason is that entrepreneurial ventures are not always caring of the desires of stakeholders or the natural environment. In fact, some entrepreneurs sometimes appear as sociopaths uninterested in the world 'outside' of them. Alas, such sociopathic tendencies are inadvertently endorsed by teaching prospective entrepreneurs that working hard enough may ever be sufficient for creating the worlds they desire or by encouraging them to think about employees or consumers as 'resources' (Freeman et al., 2021; Holt, 2020; Hu et al., 2020). Prospective entrepreneurs can benefit both others' *and their own* chances of success by learning that they cannot actualize their imaginations without caring for the entirety of stakeholders inhabiting the ecosystems of their ventures (cf. Ramoglou & McMullen, 2021). This way of thinking may also make entrepreneurs more effective for the task of addressing broader public interest issues through resource stewardship, private–public interactions and innovations that benefit the public interest (Klein et al., 2013; McGahan et al., 2013).

## *Contextual Limits or Untapped Opportunities?*

Catering for the multifaceted interests of stakeholders may be necessary for opportunity-actualization, such as in the case of *iTunes*. However, it is intelligible that, in some business contexts, this sort of entrepreneurial agency might not be necessary for financial success. Indeed, it is an empirical matter of fact that particularly successful firms, such as Amazon or Walmart have not treated employees in the fairest way possible. In such contexts, our theorization of the deeper opportunity space is not refuted. It simply points to the context-sensitive boundaries of our propositions. Stakeholder environments are not identical. Some societies are more culturally and institutionally sensitive to matters of ethical behaviour, economic inequality or environmental issues. The more a society embraces the values at the centre of stakeholder theory, the more applicable our theoretical propositions.

Relatedly, we should not downplay that such societal attitudes and values are nothing like natural phenomena. They are transient and contingent upon evolving and ever-changing definitions of social reality (Searle, 1995). This means that, the more societies converge towards the normative ethics at the heart of stakeholder theory, the more relevant stakeholder-centric perspectives of opportunity will become. It follows that, although cases such as that of Amazon may point to the limits of such a theoretical perspective *nowadays*, the boundaries of this perspective's applicability may well expand in a future world in which societal agents develop a stronger sense of ethical responsibility towards fellow human beings experiencing unjust treatment.

Having said that, there is a further way of thinking about the role of stakeholder-centric agency in ventures that succeed financially in spite of the fact that they do not exhibit the managerial virtues exalted by stakeholder theory. We raise the intriguing possibility that, although economically myopic and unjust entrepreneurial behaviour may not prevent the actualization of economic opportunities, it can prevent the actualization of *higher-order opportunities*. The reason is that considerations of fairness reveal untapped possibilities for *additional* value creation. For instance, when employees feel that they are treated fairly, they can add value that cannot be readily 'purchased' by wages (Bosse & Coughlan, 2016). In this view, the actualization of opportunities can sometimes be thought of as the actualization of Pareto opportunities. The reason is that stakeholder-centric agency can make stakeholders better off without making entrepreneurs worse off. Accordingly, it is tempting to propose that otherwise successful firms such as Amazon or Walmart might have actually *failed* to achieve Pareto equilibria.

Interestingly enough, the theoretical insights at the core of stakeholder theory can help explain the stakeholder-centric turn of companies traditionally receiving the fire of management scholars (e.g. Pfeffer, 2016). For example, Jeff Bezos, Amazon's CEO, recently issued a statement that not only defies shareholder logic, but further counsels shareholders *themselves* to embrace a *stakeholder*-centric mindset:

> Under normal circumstances, in this coming Q2, we'd expect to make some $4 billion or more in operating profit. But these aren't normal circumstances. Instead, we expect to spend the entirety of that $4 billion, and perhaps a bit more, on COVID-related expenses getting products to customers and keeping employees safe. … There is a lot of uncertainty in the world right now, and the best investment we can make is in the safety and well-being of our hundreds of thousands of employees. I'm confident that our long-term oriented shareowners will understand and embrace our approach, and that in fact they would expect no less (Bezos, 2020).

Amazon is undoubtedly a financial success story. Yet the understanding that there exists higher-order economic opportunity that can actualize by attending to noneconomic considerations can afford explanatory insight to this surprising change of direction taken by Amazon.

### *Nonmarket Stakeholder Uncertainty*

That entrepreneurship takes place in conditions of Knightian uncertainty is a core premise of entrepreneurship theory (McMullen & Shepherd, 2006). However, according to Townsend and colleagues, although Knightian uncertainty alludes to 'the epistemological limits of human knowledge' (Townsend et al., 2018: 660), it has been subjected to 'a century of use and misuse' (ibid: 660). To the end of conceptualizing Knightian uncertainty in the context of opportunity-actualization, Ramoglou (2021b) proposes the principle of *ineliminable unknowability*. According to this epistemological principle, opportunities are unknowable prior to their actualization – yet this does not mean that an entrepreneur can know nothing in conditions of Knightian uncertainty. Depending on context, an entrepreneur can know several pieces of the opportunity puzzle (such as market demand). But opportunity existence is *ex ante* unknowable since an entrepreneur can never know *all* the pieces of the puzzle.

Our article helps deepen this epistemological principle by calling attention to the nonmarket stakeholder piece of the puzzle. Even if there are no uncertainties about market stakeholders, there may be serious uncertainties about nonmarket stakeholders. This means that even if it is knowable that an entrepreneur can mobilize the market behaviours necessary for profit actualization, it is uncooperative nonmarket stakeholders that can threaten the viability of the venture. The additional layer of complexity afforded by a stakeholder-centric theory of opportunity strengthens the epistemic facet of the uncertainty characterizing entrepreneurial contexts (see Packard & Clark, 2020; Faulkner et al., 2017), and facilitates the realization that the unknowability associated with the actualization of desirable futures is more profound than hitherto appreciated.

## Conclusion

This article mobilized stakeholder theory to augment the opportunity construct as conceptualized in the actualization approach. At the heart of actualization is the insight that 'entrepreneurship is, ultimately, aimed at the satisfaction of *others' needs*, and it is those others – consumers – who *determine* the winners and losers in their buying or abstaining from buying entrepreneurs' offerings' (Packard & Burnham, 2021, p. 13; emphasis added). We expanded this opportunity model to acknowledge that (1) the 'others' who determine the winners and losers can also be nonmarket stakeholders and that (2) the needs of (both market and nonmarket) 'others' are far more complex than what we are typically willing to recognize. Putting sovereign and caring stakeholders front and centre helped strengthen the outward-looking orientation of actualization and bring to prominence the insight that we live in a world of fewer and more difficult-to-actualize opportunities.

In turn, we translated these theoretical propositions into the practice-oriented construct of SOT (strategic opportunity thinking). We proposed that SOT can help protect prospective entrepreneurs against the blind-to-stakeholders mindset that (1) either sleepwalks them into the territory of non-opportunity or (2) prevents them from the actualization of real yet not easy-to-actualize opportunities. These two principles can be conceptualized as the blades of a pair of scissors that could help curtail the rates of failed entrepreneurial ventures by tightening the scissor's handles. Relatedly, we explained that SOT offers a theory-informed practical guide meant to supplement the toolkit of the lean startup (Ries, 2011) and simultaneously help bring this practical startup method under closer academic scrutiny (Felin et al., 2021).

In closing, besides helping entrepreneurs more effectively navigate their socioeconomic contexts, making their thinking more stakeholder-centric can help produce fewer sociopathic entrepreneurs. We need a world in which entrepreneurs do not graduate from classrooms where they are taught that success is the outcome of detecting opportunities for new product creation, let alone that they can succeed by creating the world that they desire. We hope that the message that, in the real world, the actualization of desirable economic outcomes cannot be decoupled from nonmarket and noneconomic considerations, can help raise more entrepreneurs who are sensitive to context and ethics.

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## Notes

1. By determinism, we do not mean *event*-determinism but *possibility*-determinism. That is, we are not assuming that what *will* happen is predetermined. Rather, we subscribe to the philosophical notion that what *can* happen is pre-determined by conditions outside the agentic control of any given entrepreneur (or entrepreneurial team).
2. The loudest concern pertains to the fact that there is insufficient clarity about the referent of the word 'opportunity'. The opportunity construct is most frequently used to refer to supply-side aspects of business ventures. Typically, opportunity-discovery refers to the discovery of new venture *ideas*, and opportunity-creation refers to the creation of new *products* (services and/or ventures) (Davidsson, 2021; Ramoglou &

Tsang, 2017). Furthermore, critics flag up a noticeable lack of consistency across the literature, even within the same studies (Crawford et al., 2016; Davidsson, 2015; Hansen et al., 2011; McMullen, 2015; Ramoglou & Zyglidopoulos, 2015).

3. It merits noting that the shortcoming of possibilist perspectives is that it can always be argued that some sort of agentic behaviour could have shifted the course of history. However, such counterfactual thought experiments cannot prove that anything we imagine is possible. They only prove that possibilism is an unfalsifiable metaphysical thesis.
4. To be sure, it is not always clear when creation approaches subscribe to possibilism or not. For example, although Alvarez and Barney (2007, p. 15) dismiss the role of pre-existing environmental conditions, they also acknowledge the impossibility of venture success in the absence of the right conditions (Alvarez & Barney, 2013, p. 308). Contrary to Foss and Klein (2020), we do not adamantly suppose that creation approaches are invariably possibilistic. Yet, whenever creation approaches are not accountable for rejecting environmental determinism, they are accountable for logical inconsistencies or theoretically misleading expressions (see also Ramoglou & Tsang, 2017; Eckhardt & Shane, 2013). That said, recent developments in creation theory are much clearer on the relevant philosophical assumptions (e.g. Alvarez & Porac, 2020; McBride & Wuebker, 2021; see also Sarasvathy, 2021).
5. Moreover, we should not downplay that institutional entrepreneurship also illuminates agentic processes meant to mobilize nonmarket stakeholders. In this view, institutional entrepreneurs engage with multiple stakeholders in their endeavours to initiate institutional change. In order to secure the required resources, they often have to influence stakeholder perceptions, negotiate with formal authorities, transfer social capital from other contexts and so on (Battilana et al., 2009; Maguire et al., 2004; McMullen et al., 2021; Tracey et al., 2011).
6. Walmart created a particularly successful chain of low-cost stores in rural areas. However Walmart's business model was destructive for mom-and-pop shops as well as the real estate prices of local areas (Bonanno & Goetz, 2012; Pope & Pope, 2015). The accumulation of such externalities eventually created a particularly negative image for Walmart that led to many cities not allowing it in their jurisdictions (Reich & Bearman, 2018). Accordingly, stakeholder theory advises that in evaluating the long-term viability of a project, an entrepreneur has to try and visualize the firm's enterprise strategy and what this new firm does for a broader array of stakeholders (Freeman et al., 2018; Freeman & Gilbert, 1988; Gans et al., 2019; Gans et al., 2021; McGahan, 2021).
7. We understand that power is anchored in social relationships and arrangements and may involve economic but also cultural capital (Lawson, 2012). Relevant interests may involve any sort of (economic or noneconomic) interest perceived by stakeholders to be under threat by an entrepreneurial venture (Scott, 2013). Also, we understand stakeholder belief-systems comprising the interrelated layers of beliefs structuring a stakeholder's values and attitudes towards a novel venture (Usó-Doménech & Nescolarde-Selva, 2016). Last, stakeholder empathy alludes to the affective sort of empathy (as opposed to cognitive) and concerns the human ability to experience others' feelings – typically a prerequisite of compassionate action (Maibom, 2017).
8. A first step in that direction has been taken by Hall & Hasan (2020), who maintain that entrepreneurial startups with different kinds of organizational decision-making processes benefit in different degrees from experimentation meant to provide them with stakeholder feedback.
9. Shepherd and Gruber (2021) do not imply that many colleagues would question that failure is possible. What they mean is that entrepreneurship researchers typically assume that failure is avoidable. Indeed, the truism that, sometimes, success might simply be impossible is not that frequently acknowledged. Akin to Shepherd and Gruber (2021), we are not saying that many colleagues would explicitly question that oftentimes failure is unavoidable. However, theoretical developments around entrepreneurial opportunities typically work on this supposition or, at any rate, do not frequently challenge it. To be clear, the perpetuation of largely unrealistic assumptions is, by no means, indicative of substandard scholarly abilities (cf. Ramoglou, 2021b). As aforementioned, the perseverance of academic assumptions at odds

with everyday understandings about possibility can be attributed to (1) an exaggerated emphasis of creative entrepreneurial powers and (2) the indiscriminate rejection of all varieties of determinism.

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