

# Examination of Opportunity Identification by Nascent Entrepreneurs in South – Western Nigeria: An Effectuation Perspective

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## Abstract

This study focused on examination of opportunity identification by nascent Entrepreneurs in South–Western Nigeria using effectuation perspective. The study determined whether alertness affect opportunity identification by nascent entrepreneurs in South-Western Nigeria. It also examined the effect of social network on opportunity identification by nascent entrepreneurs in South-Western Nigeria. The study was carried out using a quantitative methodology through administration of a structured questionnaire. The data gathered was analyzed using descriptive and inferential statistic such as percentages, one sample chi-square test at 0.05 level of significance and effectuation framework logics, with the aid of statistical package for social sciences (SPSS) version 20. The study was conducted in six states of south-western Nigeria that is Lagos, Ogun, Oyo, Osun, Ondo and Ekiti. The results show that: alertness can lead to opportunity identification; social networks such as interactions with friends and acquaintances, family and relations and social clubs enhance opportunity identification and establishing contacts with customer and financiers also lead to opportunity identification. This study has contributed to literature on opportunity identification and effectuation theory given that studies done in this area are mostly in developed countries.

**Keywords:** Effectuation theory, Nascent Entrepreneur, Opportunity Identification.

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## INTRODUCTION:

Recognizing opportunities involve non-linear or lateral creative thinking, that is, “thinking outside the box” (De-Bono, 1978). Understanding the opportunity process represents one of the common intellectual questions for the domain of entrepreneurship (Gaglio & Katz, 2001). Despite its importance to the theoretical advancement of the field, research regarding opportunity identification and exploration is in its infancy and is best characterized as a scattering of descriptive studies rather than as a systematic research program of theory testing and development (Gaglio & Katz, 2001).

Entrepreneurs perceive new opportunities for the creation of value, and construct a market around those opportunities (Santos & Eisenhardt, 2004). This view could have enormous implications for the study of opportunity recognition because, new market opportunities may not be seen as inevitable outcomes of demographic or technological changes, but rather as “fragile social constructions willed into existence by active entrepreneurs” (Rafaat, 2009). So instead of entrepreneurs’ recognizing an existing product/market opportunity that is waiting to be seen, focus is on seeing the opportunity to create value and a profitable venture only follows the proactive development of a nascent market (Rafaat, 2009).

Bygrave (1994) suggests that opportunity recognition can either be as a result of internal or external simulation. An externally simulated opportunity is one in which the entrepreneur first decides to start a business, followed then by search for and recognition of an opportunity, while internally simulated opportunities occur when the entrepreneur first discovers market needs that were fulfilled by existing businesses — an opportunity which leads the entrepreneur to launch a new venture to satisfy that need (Bygrave, 1994). Opportunity identification is that moment of insight that an idea has commercial potential. The entrepreneur must be “alert” and have both the ability and potential to exploit environmental opportunities, if these conditions are satisfied and can break the existing frame, then an opportunity can be recognized (Kirzner, 1979).

A nascent entrepreneur is defined as someone who Initiates serious activities that are intended to culminate in available business start-up (Aldrich, 1999). An important part of the process of new venture creation to identify entrepreneurial opportunities and subsequently exploit them (Shane & Venkataraman, 2000).

Previous studies of organization emergence have focused on a variety of factors that influence new venture

creations including the entrepreneur's social skills (Baron & Markman, 2003). Their resource endowments (Davidson & Honig, 2003; Reuf, Aldrich & Carter, 2003), and market — level opportunities and constraints (Low & Abrahamson, 1997). One major approach for examining the process of organization emergence has focused on specific new venture creation activities that might distinguish successful from unsuccessful start—up (Delmar & Shane, 2003, 2004; Duchesneau & Gartner 1990; Carter, Gartner & Reynolds, 1996).

Results of these studies are mixed: Gartner & Carter (2003) indicate that only weak links have been found between start-up activities and success creating organizations, yet other studies (Delmar & Shane, 2003, 2004) found that the presence of legitimizing activities such as business planning and incorporation seems to lead to a higher likelihood that new ventures will come into existence.

However, researchers have been unable to agree on which specific activities leads to opportunity identification (Gao & Welsch, 2002; Newbert, 2005), nor have scholars agreed on which sequences lead to opportunity identification by nascent entrepreneur (Davidson, 2006). This study intends to fill these gaps in knowledge by providing the specific activities that lead to opportunity identification among nascent entrepreneurs in South — Western Nigeria. Specific activities or the sequence or combining the two views to explain how nascent entrepreneur in South - West handles this process.

A further justification to conduct a research in this area is informed by the empirical investigations of alertness which is focused on the means by which an individual might literally “notice without search” (Katzner, 1979). Kaish & Gilad (1991) interpret this as having an aptitude to position one-self in the flow of information so that the probability of encountering opportunities without a deliberate search for a specific opportunity is maximized.

It is discovered that a vast amount of literature on opportunity identification by nascent entrepreneur and Studies on effectuation theory are prevalent mostly in developed countries dearth of studies emanating from developing countries, such as Nigeria for example (Afolabi, 2015). This study intends to fill that gap by bringing the effectuation perspective into the mix of opportunity identification process by nascent entrepreneurs in South-Western Nigeria.

#### **PROBLEM STATEMENT/JUSTIFICATION:**

Scholars have recognized that entrepreneurial opportunities exist in the environment (Shane & Venkataraman, 2000), they seem to hold the notion that opportunities are more relevant and suited for exploitation under condition of environmental uncertainty. Nascent entrepreneurs in particular suffer from a lack of negotiation power, due to the twin liabilities of newness and smallness (Stinchcombe, 1965).

*“These liabilities can manifest themselves through different mechanism, such as a lack of trust among potential employees and suppliers, a lack of social capital that is already present in established organizations, a lack of economic capital that accrues over time, and underdeveloped internal organizational systems. All of these mechanisms lead to heightened vulnerability for emergent organizations due to resource constraints”* (Grinchnik & Singh, 2010).

Davidsson & Honig (2003) suggest that a venture is nascent if at least one of the following applies to the venture. If any of gestation activities listed by Carter et al,(1996) needs to be completed, if no money was invested six months prior to the survey, if expenses are higher than income, or if the venture is not legally incorporated. The status of nascent venture is no doubt a constraint to opportunity identification.

Grinchnik & Singh (2010) portray venture creation as a process of learning that generates specific knowledge that the entrepreneur can transfer to other founding situations. Through this process the entrepreneur learns how to establish and develop contacts with customers and financiers, how to organize internal processes and structures, and how to attract and retain employees (Grinchnik & Singh, 2010). Entrepreneurs with previous industrial experience can be expected to have greater information processing and also to be aware of inefficiency and resource waste or underutilization on the part of incumbent firms, thus providing them with an edge over nascent entrepreneurs (Grinchnik & Singh, 2010).

Selection of the groups of people in which they knew and the kind of groups they know, also entrepreneurs who can hold on to a greater social network enjoin access to diverse information and increased legitimacy which should facilitate resource picking, nonetheless a challenge to nascent entrepreneur (Grinchnik & Singh, 2010).

Researchers tend to propose that bonding social capital (with strong ties) is of higher value in the nascent phase of the venture, as Brush et al., (2001) state that entrepreneurs typically begin with a close network of contacts benefiting from the increased trust and found in strong tie networks but deal with more distant business contacts as the business moves forward benefiting from the richness in diversity of information and expertise found in weak tie networks (Hanlon & Sanders, 2007). It is understandable that weak ties are a limitation to opportunity identification.

Investigation into opportunity identification by nascent entrepreneurs using effectuation framework will go a long way to address these weak ties and limitations to opportunity identification by nascent entrepreneurs and thereby advancing entrepreneurial action in Nigeria. Given the theory of effectual is a contrast to the current

causation theory in entrepreneurship, the former assumes opportunity can be created based on one's means while the later assumes that opportunity .an only he discovered based on alertness and ability (Afolabi, 2015). This view as expounded by Sarasvathv (2001) takes the position that, the predictive causative model 'takes a particular effect as given and focus on selecting between means while effectuation is focused on how to select possible effects that can be created with given means'. Since theory of effectuation is all about collaboration and not competition, that **is** who you are, what you know, whom you know, what types of economic and social artifact can you". Then the effectuation frame will address the weak tiers and opportunity identification by nascent entrepreneurs will be enhanced.

### **OBJECTIVE(S) OF THE STUDY:**

The main objective of this study is to examine the opportunity exploitation by nascent entrepreneur in South-Western Nigeria using effectuation theory, while the specific objectives are:

1. To determine whether alertness affect opportunity identification by nascent entrepreneur in South-Western Nigeria.
2. To examine the extent to which lack of social network affect opportunity identification by nascent entrepreneur in South-Western Nigeria.
3. To ascertain if the effectuation theory can be a useful framework to explain opportunity identification by nascent entrepreneur in South-Western Nigeria.

### **STATEMENT OF HYPOTHESES**

- i.  $H_0$ : Alertness does not affect opportunity identification by nascent entrepreneur in South –Western Nigeria.  
 $H_1$ :Alertness affect opportunity identification by nascent entrepreneur in South –Western Nigeria.
- ii.  $H_0$ : Lack of social network has no significant effect on opportunity identification by nascent entrepreneur in South –Western Nigeria.  
 $H_1$ : Lack of social network has no significant effect on opportunity identification by nascent entrepreneur in South –Western Nigeria.

### **LITERATURE REVIEW:**

#### **Concept of Entrepreneurship**

Entrepreneurship has long been considered a key element of the growth process (Baumol, 1968; Schumpeter, 1912). The theoretical literature highlights the role of wealth in shaping this decision in the presence of capital-market imperfections (Baner-jee & Newman, 1993; Ghatak & Jiang, 2002). Heterogeneity in individual preferences (Kihistrorn & Laffont, 1979) as well as in ability or entrepreneurial skills (Jiang, Wang & Wu, 2010) can also affect occupational choices. Since entrepreneurial ability is not necessarily innate, education and training programs that seek to shape these entrepreneurship skills are multiplying around the world. Still the evidence that these programs can effectively facilitate entry into self-employment remains thin (Valerio, Parton & Robb, 2014).

The role of entrepreneurship in the development process is eliciting increasing attention from policy makers and scholars (Naude, 2014). In developing countries, only a small share of the labour-force is employed in wage jobs (Gindling & Newhouse, 2014).

Entrepreneurship is an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, process, and raw materials through organizing efforts that previously had not existed (Kirzner, 1979). The academic field of entrepreneurship corporate, in its domain, explanations for why, when and how entrepreneurial opportunities exist; the sources of those opportunities and the forms that they take; the processes of opportunity discovery and evaluation (Kirzner, 1979).The acquisition of resources for the exploitation of these opportunities; the act of opportunities exploitation, why when and how some individuals and not others discover, evaluate gather resources for and exploit opportunities; the strategies used to pursue opportunities; anti the organizing efforts to exploit them (Alvarez, 2005).

The nexus between individual and opportunity underlies a central question in entrepreneurship research, why some individuals and not other recognize certain opportunities (Refaat, 2009). There is a lack of theoretical precision among the current conceptualization of individual differences in regard to opportunity recognition (Kirzner, 1979). While prior knowledge is unequivocally important for recognizing opportunities, it is not clear why people with broadly similar knowledge would differ in recognizing opportunities (Gaglio & Katz, 2001).

Stevenson & Jarillo (1990) view entrepreneurship as the process of creating value by combining resources to exploit an opportunity. Christensen, Madsen & Peterson (1994) see opportunity identification as either perceiving a possibility to create a new business or significantly improving the position of an existing business, in both cases resulting in a new profit potential. Stevenson. Roberts & Grinsbeck (1989) argue that pursuit of the

opportunity may occur regardless of resources controlled. Bygrave & Hoyer (1991) see entrepreneur as someone who perceives an opportunity and creates an organization to pursue it. Shane & Venkataraman (2000) make a compelling argument that opportunity recognition comprises constructs that fall within the unique domain of entrepreneurship and that opportunity recognition should be a central focus of related research.

### THE THEORY OF EFFECTUATION

This theory is an alternative perspective to explain opportunity identification by nascent entrepreneur in South-Western Nigeria. Effectuation theory (Sarasvathy, 1998) as will be elaborated later in this study, consists of a set of heuristic principles such as the affordable loss principle not maximization on the logic of control instead of prediction that apply specifically to the creations of new organizations and markets (Sarasvathy 2001). The focus in this aspect of entrepreneurial action does not negate the importance and validity of other factors that predict and explain entrepreneurial performance be it traits, or human and social capital of the entrepreneur. environmental constraints and opportunities, or any other random or systematic effects impacting the process (Read, Wiltbank & Sarasvathy, 2003).

As Sarasvathy (2001) puts it, the theory of effectuation brings another perspective to the table. It suggests “c need to give up ideas such as the successful personality or clearly superior organization.

*The focus in our journals and classrooms for example, would shift from “How to build a successful firm?” “How to become a successful entrepreneur?” to What types of ideas and opportunities should you pursue?” and given who you are, what you known and who my on known, what types of economic and/or social artifacts can you, would you want to, and should you create?*

the old adage about invention captures this shift rather pithily: Both the optimist and the pessimist contribute to successful inventions. The optimist invents the airplanes the pessimist the parachute.

Effectuation is a straight inversion of rational choice theory (also referred to as causal or predictive rationality). Particularly in the second half of the twentieth century, rational choice theory has been questioned in a variety of ways (Sarasvathy, 2001).

Effectuation theory too was inspired by Simon’s work and was in fact developed in close collaboration with him (Sarasvathy & Simon, 2000). While bounded rationality has been construed by some as a subset of rational choice, and the vast literature on heuristics and biases is considered a set of deviations from rationality, effectuation is a complete inversion of rational choice (Sarasvathy, 2002). Sarasvathy & Simon (2000) put it, effectuation answers the question:

*where do we find rationality when the environment does not independently influence outcomes or even rules of the game (Weick, 1979), the future is unpredictable (Knight, 1921) and the decision maker is unsure of his/her own preferences (March, 1982)?”*

Rational choice rests on a logic or prediction i.e. to what extent we can predict the future, we can control it. Effectuation rests on a logic of non-predictive control i.e. to the extent we can control the future we do not need to predict it (Sarasvathy, 2001).

Effectuation theory consists of a set of heuristic principles such as the affordable loss principle or the logic of control that apply specifically to the creations of new organization and markets (Sarasvathy, 1998).

Sarasvathy & Simon (2000) puts it, effectuation answers the question:

*“Where do we find rationality when the environment does no independently influence outcomes or even rules of the game (Weick, 1979.), the future is truly unpredictable (Knight, 2000), and the decision maker is unsure of his/her own preferences’ (March, 1982)?”*

Effectuation rest on a Logic of non-predictive control i.e. to the extent we can control the future, we do not need to predict it (Saravathy, 2000).

Since we cannot predict the future and effectuation is means-driven and not goal-driven, the “who you are, what you know, and whom you know, what types of economic and/or social artifacts can you, would you want to, and should you create?”. The principle of collaboration and not competition will go a long way in addressing the issue of opportunity identification among nascent entrepreneur in South Western Nigeria.

### METHODOLOGY:

The study covers nascent entrepreneurs in the six states in Southwestern Nigeria and it focuses on the opportunity identification from effectuation perspective of the selected firms in the six states (Lagos, Ogun, Oyo, Osun, Ondo and Ekiti). The six states were purposively selected because they are hub of business activities in the Nigeria Nation (Afolabi, 2015).

The unit of analysis is the nascent entrepreneur. With this, some entrepreneurs approach starting a business for the first time (nascent entrepreneurs). some acquire experience but they manage .me business at a time (serial entrepreneurs), there are some entrepreneurs who don’t have prior experience but manage one business (novice entrepreneur) and some are running marc than one business at a time (portfolio entrepreneurs) (Storey & Greene, 2010).

For the purpose of this study, a quantitative method will be used in data collection and analysis. The studies rely on primary data that was gathered from about 571 nascent firms in six states in South-Western Nigeria. The questionnaire was divided into two sections. Section A collects information on the demographic characteristics of the respondents such as age, gender and highest educational attainment while Section B deals with opportunity identification by nascent entrepreneurs and effectuation perspective. The study was analyzed using descriptive and inferential statistics of non parametric test of chi-square and the effectuation framework logics.

$$X^2_{cal} = \sum \frac{(o-e)^2}{e}$$

Where  $\alpha = 0.05$

## RESULT / FINDINGS

Table I: Alertness can lead to opportunity identification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	316	55.3	55.3
	Agree	238	41.7	97.0
	Undecided	8	1.4	98.4
	Disagree	6	1.1	99.5
	Strongly Disagree	3	.5	100.0
	Total	571	100.0	100.0

Source: Survey Study, 2017

The table indicates that 316 or 55.3% and 238 or 41.7% respondents Strongly Agree and Agree to the above submission that alertness can lead to opportunity identification by nascent entrepreneurs.

Table II: Interactions with friends and acquaintances enhance opportunity identification

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	177	31.0	31.0
	Agree	251	44.0	75.0
	Undecided	79	13.8	88.8
	Disagree	50	8.8	97.5
	Strongly Disagree	14	2.5	100.0
	Total	571	100.0	100.0

Source: Survey Study, 2017

The table shows that 251 or 44% and 177 or 31% respondents agree and strongly agree to the fact that interactions with friends and acquaintances enhance opportunity identification by nascent entrepreneurs.

Table III: Interaction with family and relatives enhance opportunity identification.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	183	32.0	32.0
	Agree	259	45.4	77.4
	Undecided	87	15.2	92.6
	Disagree	33	5.8	98.4
	Strongly Disagree	9	1.6	100.0
	Total	571	100.0	100.0

Source: Survey Study, 2017

The table indicates that 259 or 45.4% and 183 or 32% respondents agree and strongly agree that interaction with family and relatives enhances opportunity identification by nascent entrepreneurs.

Table IV: Interaction at social clubs enhance opportunity identification

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	178	31.2	31.2	31.2
Agree	249	43.6	43.6	74.8
Undecided	89	15.6	15.6	90.4
Disagree	40	7.0	7.0	97.4
Strongly Disagree	15	2.6	2.6	100.0
Total	571	100.0	100.0	

Source: Survey Study, 2017

The table shows that 249 or 43.6% and 178 or 31.2% agree and strongly agree that interaction at social clubs enhance opportunity identification by nascent entrepreneurs.

Table v: Establishing contacts with customers and financiers enhance opportunity identification

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	200	35.0	35.0	35.0
Agree	251	44.0	44.0	79.0
Undecided	55	9.6	9.6	88.6
Disagree	36	6.3	6.3	94.9
Strongly Disagree	29	5.1	5.1	100.0
Total	571	100.0	100.0	

Source: Survey Study 2017

The table shows that 265 or 46.4 respondents agree and strongly agree that establishing contacts with customers and financiers enhances opportunity identification

Table vi: Alertness

H<sub>0</sub>: Alertness does not affect opportunity identification by nascent entrepreneur in South –Western Nigeria.

H<sub>1</sub>: Alertness affect opportunity identification by nascent entrepreneur in South –Western Nigeria.

**Hypothesis test summary**

Null hypothesis	Test	Sig,	decision
The categories of alertness can one- sample Lead to opportunity identification Occur with equal probabilities. Test	Square	.000	Reject the null hypothesis

Asymptotic significance are displayed. The significance level is.05

As show in table vi using chi-square one sample test at  $\alpha = 0.05$ , the P-value = 0.000 meaning that the null hypothesis is to be rejected identification by nascent entrepreneur in South –Western Nigeria.

Table vii: Social Network

H<sub>0</sub>: Lack of social network has no significant effect on opportunity identification by nascent entrepreneur in South –Western Nigeria.

H<sub>1</sub>: Lack of social network has no significant effect on opportunity identification by nascent entrepreneur in South -Western Nigeria.

Hypothesis test summary

Null hypothesis	Test	Sig,	Decision
The categories of interactions with friends and Acquaintance enhance opportunity identification occur with equal probabilities	One-sample chi-square test	.000	Reject the null hypothesis
The categories of interaction with family and relations enhance opportunity identification Occur with equal probabilities.	One-sample chi-square test	.000	Reject the null hypothesis
The categories of interaction at social club enhance opportunity identification occur with equal probabilities.	One-sample chi-square test	.000	Reject the null hypothesis

Asymptotic significance are displayed. The significance level is.05

In relative to social network; interaction with friends acquaintance, family, relation and social clubs. It is established that null hypothesis (H<sub>0</sub>) is also rejected and conclude that lack of social network affect opportunity identification by nascent entrepreneur in South-Western Nigeria.

## DISCUSSION

### TABLE I

The focus status study is on examination of opportunity identification by nascent entrepreneur in south-western Nigeria using effectuation perspectives and the first objectives is to determine whether alertness affects opportunity identification by nascent entrepreneur in south-western Nigeria. From table 1 which indicates that 316 or 55.3 and 238 respondents strongly agree and agree to the submission that alertness can lead to opportunity identification by nascent entrepreneurs. Kirzner (1979) submits that the main proponent of the idea that opportunities are identified through fortuitous discovery. The model asserts that alert individuals will recognize changes in the business environment and that these alert individuals will have the ability to discover without searching. This is consonance with our finding that alertness leads to opportunity identification.

### TABLE II

The second objectives of this study to examine the extent to which lack of social network affects opportunity identification by nascent entrepreneur in south-western Nigeria. From the it was indicated that interactions with friends and acquaintances enhances opportunity identification.

The tables show that 2561 or 44% and 177 or 31% respondents agree and strongly agree to the fact that interaction with friends and acquaintances enhances opportunity identification by nascent entrepreneurs. It means that lack of social networks affects opportunity identification by nascent entrepreneur. Social network supplements the effect of education, experience and social capital are provided by family, friends, community or organizational relationship.

### TABLE III

The third objective is to ascertain if the effectuation theory can be a useful framework to explain opportunity identification by nascent entrepreneur in south-western Nigeria. From the table which is interaction with family and relations enhances opportunity identification

The table also indicates that 259 or 45.4% and 183 or 32% respondents agree and strongly agree that interaction with family and relatives enhances opportunity identifications by nascent entrepreneurs. Thus, relationship with family have a reputational and signally function (Hoang & Antoncic, 2003) and moreover provide social legitimacy (Kyver & Hindle, 2007).

### TABLE IV

From the table which indicates that social clubs enhance opportunity identification. Social interaction on within a network such as social clubs allows nascent entrepreneur to accumulate the necessary and sometimes rare information and resources which is also referred to as bootstrapping of resources (Alvarez & Busenitz, 2001).

The table also shows that 249 or 43.6% and 178 or 31.2% agree and strongly agree that interaction at social clubs enhances opportunity identification.

Bruder & Preisendorfer (1998) argue that "information received from network ties such as social clubs are more useful, reliable, exclusive, and less redundant" than information from formal sources. And this is in consonance with the above submission that interaction at social clubs enhances opportunity identifications.

### TABLE V

The table shows that establishing contact with customer and financials enhances opportunity identification. The theory of effectuation is an alternative way to explain opportunity identifications. The table submits that 265 or 46.4 respondents agree and strongly agree that establishing contacts with customers and financiers enhances opportunity identification since we cannot predict the future and effectuation is means drivers and not goal – driver, the "who you are, what you know, and whom you know, what types of economics and or social should you create?" the principle of collaboration (with customers and financials) not coupe fiction will go a long way in addressing the issue of opportunity identification among nascent entrepreneur in south-western Nigeria.

### TABLE VI

The table shows that at P-value 0.000 the null hypothesis is rejected which means that the variable is significant and it means that alertness leads to opportunity identification by nascent entrepreneur in South-Western Nigeria

### TABLE VII

The table indicates that at P-value 0.000 the null hypothesis is rejected which means that the variable is significant and it concludes that social network such as interactions with friends and acquisition, family and relation and interaction at social clubs leads to opportunity identification since the null hypothesis are rejected based on the P-value at 0.0000. It means that all the variables are significant.

## IMPLICATION

It is believed that the outcome of this paper will be used by policy makers and stakeholders and to highlight opportunity identification by nascent entrepreneur using effectuation perspective and this will actually make nascent entrepreneurship fulfill their potentials.

The outcome of this findings will better enhance the practice of entrepreneurship in terms of exposing the nascent entrepreneur to opportunity identification using effectuation perspectives.

This study will also contribute to literature on opportunity identification and effectuation theory and the perspective will be a valuable contribution to extent knowledge in entrepreneurial activities.

## CONCLUSION

The entrepreneur must be “alert” and have both the ability and potential to exploit environmental opportunities, if these condition are satisfied and can break the existing frame, then an opportunity can be recognized (kizner, 1979).

Previous studies of organization emergence have focused on a variety of factors that influence new ventured creation, including the entrepreneurs social skills (Baron & Markman, 2003), their resource endowments (Davidson & Honig, 2003, Reut, Aldrich & Carter, 2003), and market level opportunities and constraints (Lord & Abrahamson, 1997)

However, researchers have been unable to agree on which specific activities that leads to opportunity identification (Gao & Welsch, 2002; Newbert, 2005,) more have scholars agreed on which sequences lead to opportunity identification by nascent entrepreneur (Davidson, 2006).

It is evident that empirical investigations of alertness is focused on the means by which an individual might internally “notice without search” (kirzner, 1979). Kaish & Gilad (1991) interpret this as having an aptitude to position one- self in the flow of information so that the probability of encountering opportunities without a deliberate search for a specific opportunity is maximized. The above submission consolidate our finding that (i) majority of the respondents subscribe to the fact that alertness can lead to opportunity identification by nascent entrepreneur (ii) that majority of the respondent agrees that interaction with friends and acquaintances enhance opportunity identification (iii) that majority of the respondent believes that interaction with family and relations enhance opportunity identification (iv) that majority of the respondents subscribe to the fact that interaction at social clubs enhances opportunity identification (V) that establishing contact with customers and financiers enhance opportunity identification, that is, the theory of effectuation is all about collaboration and not competition, “who you are, what you know, whom you know, what types of economics and social artifact can you”.

However, the information or the demographic study are depicted by pie-charts as presented in appendix I while the pictorial representation of research subject matter are in appendix II.

This study from the appendix also confirming that ; cognitive ability (the way we see and process information) enhance opportunity identification; that academic education play a positive role inn opportunity identification on, that training receive help in identification of opportunity, that industry experience enhance opportunity identification and a host of others.

## FUTURE RESEARCH

Future research should investigate whether awareness of network contribution leads to move successful opportunity development and consequently new venture creation.

More research into the awareness of the networks contribution to opportunity identification seems interesting to the researchers (and also to entrepreneurs) and more specifically if this awareness can make a difference in developing the opportunity.

It is important to note that in this study particular reference is being made to the first entrepreneur.

The difference between first time entrepreneurs and established entrepreneurs needs to be investigated. It could be argued that experienced entrepreneurs utilize experience and greater levels of human capital and network support which can be employed to assist in the business launch. It could be argued that this has led to confusion in the literature. Attention should be paid to either the creation of distinct terms for inexperienced and experienced nascent entrepreneurs. It can also be argued that researchers need to indicate a clear differentiation between the two terms.

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