

Entrepreneurial Opportunity Recognition in a Declining City: Shrewd Choice or Wishful Thinking?

James M. Wilkerson
The Pennsylvania State University

Marwan A. Wafa
The Pennsylvania State University

Research on entrepreneurial opportunity recognition has tended to ignore the context variable of place (local city) or to explore opportunity recognition in large, thriving city settings. We describe effects of the declining city on nascent entrepreneurship. We then develop propositions for how the nascent entrepreneur's sense of the home city's decline weakens the otherwise positive link between four antecedents and entrepreneurial opportunity recognition. We close with a discussion of universities' entrepreneurship involvement and collegiate entrepreneurship education in declining cities and describe the Invent Penn State initiative in Scranton, Pennsylvania.

INTRODUCTION

Entrepreneurial opportunity recognition (also sometimes called opportunity identification) in declining cities is this article's focus. For our purposes, we adopt Shane and Venkataraman's (2000) view, as well as Singh's (2001) view, and define an entrepreneurial opportunity as a situation in which services, finished products and components, unfinished goods, and process technologies or know-how—whether innovative and new or at least an improvement on existing services and products—can feasibly be sold for more money than it costs to produce those things. Entrepreneurial opportunity recognition holds a prominent place in research on nascent entrepreneurship (Ardichvili, Cardozo, & Ray, 2003; Sahai & Frese, in press; Shane & Venkataraman, 2000; Wennekers & Thurik, 1999). This is appropriate, for venture opportunities must first be recognized (or created through enactment in some cases; Dyer, Gregersen, & Christensen, 2008; Edelman & Yli-Renko, 2010; Hayton, Chandler & DeTienne, 2011) and vetted for feasibility before the entrepreneur can exploit them through resource acquisition and application, planning and organization, product or service development, marketing, and so forth (Kickul, Gundry, Barbosa, & Whitcanack, 2009; Kuckertz, Kollmann, Krell, & Stöckmann, 2017; McCline, Bhat, & Baj, 2000; Shane & Venkataraman, 2000).

Some of the research on opportunity recognition, especially that which focuses on the nascent entrepreneur's cognition, seems to ignore some contextual factors that may affect cognition as much as or more than dispositional factors do (Wang, Ellinger, & Wu, 2013), even as other research has stressed that situational cues do not uniformly inspire entrepreneurial behavior (Shane & Venkataraman, 2000). The behaviors and information processing Kuckertz et al. (2017) initially cited as defining entrepreneurial

opportunity recognition included searching, gathering information, being alert, evaluating, and problem solving (cf. Ardichvili et al., 2003; Dyer et al., 2008). We assume these activities occur in a context in which factors external to the person may have influence on both the behaviors and inferences stemming from them. One such contextual factor is the nature of the opportunity's locale with respect to things like local economic conditions and population growth (McKeever, Jack, & Anderson, 2015; Wang et al., 2013). Studies have addressed entrepreneurship in urban areas and rural areas, and in nations and regions with emerging economies, for instance. As to urban settings, economists studying entrepreneurship in cities have especially paid attention to things like agglomeration effects, small-business networking and the spillover of entrepreneurial ideas and knowledge in densely populated cities, and entrepreneurs' spatial (geographical) mobility and concentration (Bosma & Sternberg, 2014; Coomes, Fernandez, & Gohmann, 2013; Fritsch & Storey, 2014; Glaeser & Kerr, 2009).

Most often the urban settings in opportunity recognition research, if acknowledged at all, are thriving cities. In many studies' cases, this may be a confound owing to the dynamic, growing industry sectors involved, as thriving cities and robust metropolitan regions are the kinds of locales that can and do attract, for instance, high-technology industries and related startup ventures (Bosma & Sternberg, 2014; Glaeser & Kerr, 2009). Not every city is growing and thriving, however. Some cities are slowly declining from past statures of higher prominence, bigger population, larger industry base, growing wages, and other features that made for vibrant local conditions. We submit that the conditions in and histories of such declining cities can affect entrepreneurial opportunity recognition in ways different even from opportunity recognition in, say, emerging economies' regions and rural areas' very small towns. Regions with emerging economies are, by definition, transitioning upward, however haltingly, from a base and history of underdevelopment (Weinstein & Partridge, 2011). Rural areas and their small towns are marked by generally chronic sparseness of industry and low scale of entrepreneurial opportunity stretching over decades and centuries. Declining cities, however, once had a heyday, a more promising and vibrant past profile than what they have now. What we wonder is how the recognition or sense of the city's decline affects would-be entrepreneurs' perspectives on entrepreneurial opportunity. Researchers have acknowledged that entrepreneurial opportunity recognition can be subjective (Edelman & Yli-Renko, 2010; Keh, Foo, & Lim, 2002; Kibler, Kautonen, & Fink, 2014; Shane & Venkataraman, 2000), so we suspect that declining cities present cues that affect opportunity recognition.

We see this issue of entrepreneurial opportunity recognition in declining cities, and whether researchers pay attention to it, as part of the broader issue Welter, Baker, Audretsch, and Gartner (2017) noted in their essay on everyday entrepreneurship. Welter et al. criticized the relatively narrow overemphasis in much entrepreneurship research on high-growth, high-technology firms with substantial venture capital funding (such firms represent a very small proportion of entrepreneurial ventures and small businesses; Aldrich & Ruef, 2018). In addition to focusing on Silicon Valley-style entrepreneurship, these authors encouraged more diversity in entrepreneurship research, such that micro-businesses, non-growing family firms, goals other than wealth and jobs creation, informal venturing, and so forth also receive attention. Aldrich and Ruef's (2018) criticism of entrepreneurship research essentially sounded these same notes, as they observed that too much research attention has been paid to the rare startup firm that has extremely high growth, venture capitalization, and eventual public stock offerings, and too little research attention has been paid to the far more numerous entrepreneurial startups with more typical small-firm funding and growth.

We suggest Welter et al.'s (2017) recommendation be extended to investigating entrepreneurship in declining cities, unexciting as that may seem to many. As Anderson, Warren, and Bensemann (in press) have noted, researchers usually do not account for the influence of place on entrepreneurship (cf. Bosma & Sternberg, 2014; McKeever et al., 2015). The relative lack of research on entrepreneurial opportunity recognition in declining cities suggests the entrepreneurship research community may be paying mere lip service to what urban planning researchers and economists who study urban policy, for instance, constantly note about the potential for entrepreneurship to revitalize declining urban areas (Fritsch & Storey, 2014).

We will briefly discuss declining cities and their nascent entrepreneurs' perceptions of the decline. We will then review some antecedents of entrepreneurial opportunity recognition and state a few propositions as to how nascent entrepreneurs' perceptions of their base city's decline may moderate the relationship between antecedents and opportunity recognition. Finally, we will comment on some implications for entrepreneurship education in declining cities and local universities' role in promoting entrepreneurship in such contexts.

DECLINING CITIES

A number of formerly prominent and vital U.S. cities have declined in recent decades, with the most obvious indicator of decline being sustained population loss driven by economic downturn. Although urban population loss can coincide with economic prosperity in that same city (Hartt, 2018), it is the exception and not the rule in the American cities we are describing. Population has declined by more than half in "Rust Belt" cities like Buffalo, New York; Pittsburgh, Pennsylvania; Gary, Indiana; Cleveland, Ohio; Detroit, Michigan; and Saint Louis, Missouri (Jacobs, 2018). These and other cities regularly appear in lists of notably declining American cities. We are especially familiar with Scranton, Pennsylvania, a city that lost population for more than eight decades before beginning to level off in the past eight years ("Scranton Population," 2018). Still Pennsylvania's sixth-largest city, Scranton has experienced population decline of over 46 percent from its 1930 peak of 143,333 people to its estimated 2017 population of approximately 77,605. The 2 percent gain in Scranton population since 2010 is well below the 5.5 percent growth of the U.S. population as a whole for that same time period. Scranton's median housing values are more than 40 percent below comparable U.S. figures, 21.6 percent of Scranton adults have a bachelor degree or higher (versus 30.3 percent in the U.S. as a whole), and Scranton's 23.1 percent poverty rate is almost double the overall U.S. poverty rate (U.S. Census Bureau, 2017). The proportion of households that are middle-income is also shrinking in Scranton (O'Connell, 2018). Scranton's average wages ranked near the bottom (94th) of 100 metropolitan areas the Bureau of Labor Statistics tracked in 1980 and ranked still lower (97th) in 2010 (Weinstein & Partridge, 2011). On the whole, Scranton's decline appears to be marked economically as well as in terms of the shrinking population, thus fitting modern urban shrinkage trajectory typologies that emphasize both demographics and economics in defining urban decline (Hartt, 2018).

The anthracite coal industry that fueled Scranton's former stature all but vanished decades ago, followed by a steep decline in railroad activity as trucking replaced it, as well as departure of textile and apparel manufacturing with no replacement by other major industries. These developments translated to massive job losses over several decades (Miller, 1989). Service industries have grown in post-industrial Scranton, yes, but as is often the case with declining cities, the associated employment gains have not offset the loss of jobs tied to coal mining, railroads, and manufacturing (Martinez-Fernandez, Audirac, Fol, & Cunningham-Sabot, 2012). Scranton's decline has been a slow, steady one, which is relevant to our discussion because gradual population decline in urban areas has been found to be more negatively associated with new firm startups than strong, dramatically steep population decline (Delfmann, Koster, McCann, & Van Dijk, 2014).

The Declining City's Effects on Entrepreneurship

We proceed from the position that local conditions and the declining city's economic history matter greatly to entrepreneurship's enactment and the formation of entrepreneurial self-identities (Anderson et al., in press; Delfmann, 2015). Thus, we clearly see that Scranton's current profile matches indicators that bode poorly for entrepreneurship. For instance, concentrations of diverse industries in large, dense, urban locations provide a host of advantages to startup firms and opportunities to nascent entrepreneurs who seek them (Bosma & Sternberg, 2014; Delfmann, 2015). Entrepreneurs are drawn to cities that are growing in both population and jobs, that display income and housing price growth, and that offer a better-educated labor pool (Weinstein & Partridge, 2011), none of which describes Scranton. Instead, Scranton is what Reckien and Martinez-Fernandez (2011) labeled a "shrinking city," and shrinking cities

are often characterized by widespread reluctance toward entrepreneurial business venturing, a holdover from generations of residents having lifestyles as dependent employees of healthy industries. When the industries leave or fail and jobs vanish in shrinking cities, the work force often displays a stubborn devotion to place and former ways of working, even though the conditions that supported those old ways are gone (McKeever et al., 2015). Entrepreneurship is foreign to what such people in shrinking cities understand, such that their likelihood of recognizing and being interested in entrepreneurial opportunities is low on average.

This relative disinterest in entrepreneurship in declining cities reflects an issue with regional social legitimacy of entrepreneurship that Kibler et al. (2014) researched. Kibler et al. described how subjective views of the desirability and appropriateness of entrepreneurship are influenced by the city's socioeconomic character and can influence nascent entrepreneurs' beliefs about and intentions toward new business creation. Kibler et al. used Ajzen's (1991) theory of planned behavior to explain startup intentions, noting that the entrepreneur's attitude toward business startup efforts, beliefs about referent others' views of entrepreneurship, and perceived ability to take the actions needed to start a new firm (perceived behavioral control) all influence intentions to search for and to evaluate entrepreneurial opportunities and to exploit worthwhile ones. Ajzen (1991) likened perceived behavioral control to domain-specific self-efficacy (in this case, nascent entrepreneurs' beliefs that they can, indeed, recognize entrepreneurial opportunities and take actions and create conditions that permit business startup or innovation; McGee, Peterson, Mueller, & Sequeira, 2009).

History and conditions in a declining city like Scranton may operate to weaken the social legitimacy of entrepreneurship and to quell entrepreneurial intentions. Scranton's slow, steady decline has not made it particularly normative for residents, many already disinterested in entrepreneurship, to believe that entrepreneurship can succeed. In Kibler et al.'s (2014) terms, if regional social legitimacy of entrepreneurship is low in Scranton, would-be entrepreneurs will be less convinced about tackling a new venture. Even if aspiring entrepreneurs in Scranton very much like the idea of starting a business and perhaps have friends and family who are at least supportive of the idea, the entrepreneurs may sense little behavioral control simply because of practical, risky realities of Scranton's shrinking customer base (especially a concern if the interest is in business-to-consumer ventures like retail stores or restaurants), relatively sluggish industry base (which implicates potential supplier difficulties), and modestly equipped labor supply (Delfmann, 2015; Delfmann et al., 2014; Edelman & Yli-Renko, 2010).

Regarding this modestly equipped labor supply, we should note that not everyone is stubbornly devoted to place in shrinking cities. The residents who leave to live and to work elsewhere tend to be relatively better educated, such that the declining city loses human capital as well as financial capital (Delfmann, 2015; McKeever et al., 2015). Levels of entrepreneurship, intellectual engagement, and innovation decline (Martinez-Fernandez et al., 2012). This drain on the city's human capital also renders the available labor pool less qualitatively diverse and less capable, and a lack of qualified labor is a negative when evaluating recognized entrepreneurial opportunities (Bosma & Sternberg, 2014; Delfmann, 2015; Fritsch & Storey, 2014).

Charging Forward Despite the Hurdles

On balance, we think a declining city context makes entrepreneurial opportunity recognition and exploitation less likely because of practical resource limitations that such a context poses and because of nascent entrepreneurs' typical perceptions (Edelman & Yli-Renko, 2010). Nascent entrepreneurs are certainly interested in entrepreneurship and are beginning their searches for opportunities and perhaps supporting capital, but they are not yet at the point of business startup (McGee et al., 2009). Thus, their entrepreneurial future is precarious at best, and many would balk at the challenges of venturing in a declining city. As noted above, however, opportunity recognition can be quite subjective. The characteristics of declining cities that we have described may not necessarily dissuade all entrepreneurship. For one thing, some nascent entrepreneurs can display strong entrepreneurial persistence despite obvious hurdles (Meek & Williams, 2018). Research has established that opportunity-driven entrepreneurs are especially optimistic and sometimes badly overestimate their chances for

success, being inclined to start a venture despite warning signs that advise against it (Keh et al., 2002; Shane & Venkataraman, 2000). This may amount to little more than wishful thinking when the eager entrepreneur misjudges the entrepreneurial opportunity or hopes for outcomes rendered highly unlikely by the declining city's limitations.

The city's decline, when extended to a given person's job loss, can trigger a necessity-driven startup that, although often not the entrepreneur's preferred career choice, nonetheless represents entrepreneurial activity (Delfmann et al., 2014). In such a case, the choice of starting a micro-business may be a sober choice and reflect not simply desperation for replacement income, but a shrewd evaluation of the entrepreneurial opportunity. Nothing precludes the necessity-driven startup from growing well beyond micro-business status and size *per se*, just as nothing guarantees that an opportunity-driven entrepreneur will have a growing, successful firm (Shane, 2009; Welter et al., 2017).

A recently published typology of early-stage entrepreneurial venture types describes survival, lifestyle, managed-growth, and aggressive-growth ventures (Morris, Neumeier, Jang, & Kuratko, 2018). The survival (essentially self-employment providing basic subsistence, and possibly informal) and lifestyle (stable business model, revenues, and employee headcount; very much locally focused) types of entrepreneurial efforts may be particularly compatible with emergent venturing in a declining city like Scranton, as both remain deliberately small. Although much entrepreneurship research and promotion is dedicated to scalable, growth-oriented firms, strong evidence exists that the higher proportion of established small firms in a region, the higher the new-firm startup rate is (Glaeser & Kerr, 2009). Indeed, small-firm entrepreneurs may not define growth purely in headcount terms at all (Achtenhagen, Naldi, & Melin, 2010; Wiklund, Davidsson, & Delmar, 2003), and they may not define success solely in extrinsic terms of growing wealth creation (McKeever et al., 2015; Welter et al., 2017; Wiklund et al., 2003; Yusuf & Schindehutte, 2000). Thus, a declining city like Scranton may still provide such entrepreneurs a valid setting for their efforts.

Not all would-be entrepreneurs in a declining city like Scranton would necessarily be equally influenced by the city's objective history and tepid entrepreneurial culture. Scranton is not a "destination location" in the sense of the cities that attract startup activity as described in economics studies. New residents do come to Scranton from time to time, though. Having not grown up in the region or lived in Scranton long, these people may very well detect entrepreneurial opportunities, even ones associated with the decline (e.g., opportunity to provide elder-care services to aging, long-term residents whose adult children have moved far away in search of opportunity). What may matter is how strongly a given person perceives Scranton is declining; there is objective context, and then again, there is *perception* of context (Edelman & Yli-Renko, 2010). Researchers could gauge this simply enough by questionnaire, perhaps with items like these ten items, each derived from economics research sources cited above that describe declining cities and locales (reverse-worded items are marked with [R]):

1. Scranton's industries are growing. [R]
2. Scranton is not generating many new products and services.
3. Technology innovation is high in Scranton. [R]
4. Scranton population is shrinking.
5. Scranton housing prices are rising. [R]
6. Wages and salaries in Scranton are low compared to other cities.
7. Scranton's job market is relatively weak.
8. There are a lot of visible signs of development in Scranton. [R]
9. Scranton's business base is not growing.
10. Poverty seems to be increasing in Scranton.

PROPOSED MODERATING EFFECTS

As we stated earlier, we wonder how the recognition or sense of the city's decline affects would-be entrepreneurs' perspectives on entrepreneurial opportunity. Can nascent entrepreneurs' perceptions of their base city's decline moderate the relationship between antecedents and opportunity recognition? We

draw on theories of social cognition, cognitive learning, information processing, social networks, planned behavior, and entrepreneurial self-efficacy to address this question below.

The line between entrepreneurial opportunity recognition and the early evaluation of that opportunity's feasibility may be blurry at times since some define judgment of the opportunity's feasibility as part of opportunity recognition, but we know these typically come before concrete actions toward exploiting the opportunity (Kuckertz et al., 2017; Shane & Venkataraman, 2000; Singh, 2001). Terminating an entrepreneurial effort during early exploitation is certainly possible, but we are more concerned with what conditions nascent entrepreneurs' sensitivity to opportunities earlier in the process, as we think much more suppression of entrepreneurship likely occurs when people do not even detect opportunity or when they immediately deem the opportunity too weak or too risky to pursue further, thereby curbing any enactment or ambitious creation of feasible opportunity (Edelman & Yli-Renko, 2010; Keh et al., 2002).

Schematic Knowledge and Deliberate Search

Entrepreneurship research on opportunity recognition has identified a number of antecedents. For instance, Shane and Venkataraman (2000) held that the would-be entrepreneur with schematically organized prior information necessary for detecting an opportunity and with certain cognitive features (e.g., ability to visualize means-ends relationships or to combine concepts and data in novel ways) is more likely to detect an entrepreneurial opportunity. Regarding the former (schematic prior knowledge), we note that schemata, or cognitive structures and mental models that reflect the person's knowledge about, in this case, opportunity situations (Fiske, 1995), can be underdeveloped or nonexistent in people who have lived and worked all or most of their lives in a declining city. Lacking exposure to entrepreneurship generally and to a setting that frequently presents robust, exploitable opportunities hinders such a person from forming a relevant knowledge structure or mental framework in the first place and impedes assimilation of new information with prior knowledge (Davidsson & Honig, 2003; Gielnik, Krämer, Kappel, & Frese, 2014; Wang et al., 2013).

Furthermore, innovation-oriented entrepreneurs supposedly observe their environment and are alert to opportunities they detect, spending extra time intensely searching for information that may illuminate opportunity (Dyer et al., 2008; McCline et al., 2000). However, a sense that one's local city is declining does not predispose that person to be on the lookout or systematically search for opportunities, such that whatever prior knowledge the person may have goes untapped. Thus, the link between schematic prior knowledge and entrepreneurial opportunity recognition, as well as between alert searching and opportunity recognition, should be weakened in persons who perceive their home city as declining.

Proposition 1: *Perceiving one's home city as a declining city will weaken the otherwise positive link between prior knowledge relevant to an entrepreneurial opportunity and recognition of that opportunity.*

Proposition 2: *Perceiving one's home city as a declining city will weaken the otherwise positive link between alert, deliberate search for entrepreneurial opportunity and recognition of that opportunity.*

Social Networks

Another antecedent to entrepreneurial opportunity recognition cited in numerous studies is the nascent entrepreneur's access to social networks that aid and even promote opportunity discovery (Ardichvili et al., 2003; Davidsson & Honig, 2003; Hayton et al., 2011; Wang et al., 2013). The nascent entrepreneur in Scranton, for instance, is likely to have a social network heavily populated with people from the local region. We would expect this social network generally to have a common, veridical sense of Scranton's decline; thus, the social network would tend to reinforce the entrepreneur's perception that Scranton is declining, just as the entrepreneur's perception of decline mutually reinforces perceptions among network members.

The social network is also generally no more likely than the entrepreneur is to engage in the behaviors leading to opportunity creation or recognition and is unlikely to be a source of diagnostic information on

entrepreneurial opportunities, given the Scranton context. That is, people who might be incorporated into the social network for the purpose of providing resources for a venture are less available in a declining city. True, having parents or close friends who are entrepreneurs in one's social network, as well as encouraging friends, typically predicts entrepreneurial opportunity recognition (Davidsson & Honig, 2003), but as we described above, Scranton's entrepreneurship environment is weak relative to more entrepreneurship-friendly cities. The social network is nested in the local Scranton reality (Clough, Pan Fang, Vissa, & Wu, 2019; McKeever et al., 2015). This is something on which extant entrepreneurship research is virtually silent. Researchers mostly seem to assume that a nascent entrepreneur's social network will be supportive and have all kinds of salutary effects on the entrepreneur's opportunity recognition, with no consideration for how such effects might not obtain in a declining city setting that conditions the network members' perceptions, experiences, and so forth regarding small business and entrepreneurship (Aldrich & Ruef, 2018).

Proposition 3: *Perceiving one's home city as a declining city will weaken the otherwise positive link between social network features and entrepreneurial opportunity recognition.*

Entrepreneurial Self-efficacy

As we stated earlier, entrepreneurial self-efficacy is nascent entrepreneurs' beliefs that they can, indeed, recognize entrepreneurial opportunities and take actions and create conditions that permit business startup or innovation (McGee et al., 2009). This type of self-efficacy is an antecedent to entrepreneurial opportunity recognition (Ardichvili, 2003; Kickul et al., 2009; Wang et al., 2013). We hold this relationship may vary in strength depending on the local setting in which the nascent entrepreneur is searching and enacting because nothing about self-efficacy suggests that entrepreneurs, in gauging the interaction of their performance situation and their own abilities, will ignore the situational implications of doing business in a declining city. Applying what Ajzen (1991) observed regarding perceived behavioral control, the entrepreneur's perceived ease or difficulty of recognizing venture opportunities reflects "past experience as well as anticipated impediments and obstacles" (p. 188). Ardichvili et al. (2003) related research that found that entrepreneurs' taking an "outside view" of an opportunity's success potential tempered their optimism, which in turn was related to their self-efficacy. An otherwise optimistic entrepreneur forced to contemplate an opportunity from the outside looking in and doing so in a declining city like Scranton may well discount the opportunity because of the impediments and obstacles that venturing in Scranton portends for resources, consumer market size, facilitative network effects, and other factors necessary for startup success.

Proposition 4: *Perceiving one's home city as a declining city will weaken the otherwise positive link between entrepreneurial self-efficacy and entrepreneurial opportunity recognition.*

We offer these four propositions with the knowledge that measures of varying quality already exist in extant research for the antecedent and dependent variables in our propositions (e.g., Wang et al., 2013). The ten-item measure of the entrepreneur's perception of the locality's decline that we offer above may provide a starting point for a moderator measure. Future research should check for the quelling effects of a declining city that we have proposed, both within a declining city and between entrepreneurial groups in both ascending, growing cities and declining cities.

COLLEGIATE ENTREPRENEURSHIP EDUCATION IN DECLINING CITIES

We used Scranton, Pennsylvania, as an example of a declining city, but our observations and propositions just as readily apply to any number of declining cities. Most of those cities were large cities at one time, and some still are large cities but were once very large ones. In likely every case, to include Scranton, the local business community, elected officials, and other stakeholders yearn for more entrepreneurship in their cities, even though most small-firm startups never deliver the hoped-for results

and rarely survive even five years (Headd, 2010; Shane, 2009). These stakeholders also know that universities and colleges have embraced the entrepreneurship academic discipline, so they turn to the local higher-education institutions for insights and whatever help may be available on the entrepreneurship front.

Scranton LaunchBox

Many universities launch initiatives for promoting entrepreneurship and innovation in their regions. With the help of a \$50,000 grant from Penn State University, the Penn State University campus in Scranton recently established a “pre-incubator” facility and program in downtown Scranton as part of Penn State University’s “Invent Penn State” initiative for stimulating innovation and entrepreneurship throughout Pennsylvania. Called the Scranton LaunchBox, this pre-incubator seeks to influence and encourage nascent entrepreneurship in and around Scranton versus providing full incubator activities involving extended physical space provision and considerable opportunity exploitation assistance. The focus is on entrepreneurial ideation (a key antecedent to opportunity recognition; Kier & McMullen, 2018), initial opportunity recognition or enactment, advice on basic business startup requirements, and so forth. Not trying to emulate full-blown incubator efforts shows an awareness of Scranton’s particular need and nature of entrepreneurial environment. Simply trying to copy booming cities’ incubators would have been “getting the cart before the horse” in Scranton’s case, as much more thoughtful work must go into supporting ideation, initial opportunity recognition, and evaluation lest any fledgling startups fail quickly due to poor business modeling, erroneous opportunity assessment, and the like.

The Scranton LaunchBox reflects a collective regional effort of committed institutions including chambers of commerce, institutions of higher learning, foundations, small-business support services, and other organizations that are determined to grow new businesses locally in a declining city. This initiative embodies the concept of partnership on multiple levels—industry, academia, and private philanthropy. It is a pre-incubator/accelerator model that will help determine and advance the viability of a proposed concept from idea formation to business plan development. This LaunchBox will provide access to university resources including, but not limited to, labs and equipment, faculty as consultants, students as entrepreneurs and interns for product and market development support, research capacity, intellectual property guidance, technical assistance, and technology transfer support for commercializing and/or licensing. The LaunchBox will provide access and referral to comprehensive, one-on-one business development and support services. Examples of these services include business planning, accounting and legal professional services, market development and guidance, financing, exporting assistance, mentorship from other entrepreneurs and business owners, and introduction to potential customers and suppliers.

Educational Implications

MacPherson and Ziolkowski (2005) noted even small universities’ increasing importance to promoting incremental innovation, particularly in small firms that have neither the internal resources to innovate themselves nor the financial means to import innovation help from the outside. Small firms’ owners in declining cities may need to have realistic views of what can and cannot be done by local universities, but nonetheless reap whatever incremental benefits may come from involving universities and their students in the small firms, often with employment maintenance (versus jobs growth) being the best outcome possible (MacPherson & Ziolkowski, 2005). For instance, Sahai and Frese (in press) described how established entrepreneurs show some tendency to becoming habituated to certain solutions and increasingly inflexible in their problem solving, such that their opportunity recognition and innovation skills suffer. One answer to this that Sahai and Frese suggested is doing more reading and having more idea exchange with experts and colleagues. Accordingly, it occurs to us that local universities should be hosting small-business forums with discussion opportunities and mixing in a bit of teaching. Likewise, college marketing and entrepreneurship classes should be helping small firms do customer-feedback surveys, as such feedback also helps small-business owners avoid becoming too set in their ways (Sahai and Frese, in press).

As to collegiate entrepreneurship education in declining cities, McGee et al. (2009) discussed the potential for such education to increase students' entrepreneurial self-efficacy which, as suggested in our proposition above, needs to be as strong as possible to withstand the dampening effect on opportunity recognition of venturing in a declining city. McGee et al. also suggested that, after teaching ideation, creativity, and opportunity recognition and enactment to entrepreneurship students, they next need education in concrete skills and knowledge that pertain to exploitation details and routine small-business management. The implication in declining cities is especially that a clever initial idea or inspiration will not be enough to ensure successful exploitation and survival unless the entrepreneur also has solid business knowledge and skills. This also comports with Kuratko's (2005) reminder that entrepreneurship education needs to be explicit about risks in entrepreneurship. A college entrepreneurship program in a thriving, large city may not have to stress risks of failure so much, but the program in a declining city must be extra-certain to ensure graduates begin their entrepreneurial efforts with their "eyes wide open" as to the challenges they will encounter.

At the same time, college entrepreneurship classes in declining cities should alert students to the notions of not dwelling so much on what is weak or deficient in the city's business environment and instead focusing on entrepreneurial opportunities in any dimensions that the city does excel in, such as tourism, nature attractions, sports events, trucking and logistics due to proximity to highways, and so forth. Furthermore, as with the example of elder-care services for the aging population that we mentioned above, students could be sensitized to opportunities attending a city's decline, such as the commercial need for bargain-priced goods given flat wage growth and the need for property management and real estate trade and repurposing solutions for facilities abandoned as businesses leave or fail.

DISCLAIMER

An earlier version of this work was presented at the 2019 annual conference of the United States Association for Small Business and Entrepreneurship in Saint Petersburg, Florida.

REFERENCES

- Achtenhagen, L., Naldi, L., & Melin, L. (2010). "Business growth"—Do practitioners and scholars really talk about the same thing? *Entrepreneurship Theory and Practice*, 34(2), 289-316.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211.
- Aldrich, H. E., & Ruef, M. (2018). Unicorns, gazelles, and other distractions on the way to understanding real entrepreneurship in the United States. *Academy of Management Perspectives*, 32, 458-472.
- Anderson, A. R., Warren, L., & Bensemam, J. (in press). Identity, enactment, and entrepreneurship engagement in a declining place. *Journal of Small Business Management*. doi:10.1111/jsbm.12406
- Ardichvili, A., Cardozo, R., & Ray, S. (2003). A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing*, 18, 105-123.
- Bosma, N., & Sternberg, R. (2014). Entrepreneurship as an urban event? Empirical evidence from European cities. *Regional Studies*, 48(6), 1016-1033.
- Clough, D. R., Pan Fang, T., Vissa, B., & Wu, A. (2019). Turning lead into gold: How do entrepreneurs mobilize resources to exploit opportunities? *Academy of Management Annals*, 13(1), 240-271.
- Coomes, P. A., Fernandez, J., & Gohmann, S. F. (2013). The rate of proprietorship among metropolitan areas: The impact of the local economic environment and capital resources. *Entrepreneurship Theory and Practice*, 37(4), 745-770.
- Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18(3), 301-331.
- Delfmann, H. (2015). *Understanding entrepreneurship in the local context: Population decline, ageing and density*. Groningen, Netherlands: University of Groningen.
- Delfmann, H., Koster, S., McCann, P., & Van Dijk, J. (2014). Population change and new firm formation in urban and rural regions. *Regional Studies*, 48(6), 1034-1050.
- Dyer, J. H., Gregersen, H. B., & Christensen, C. (2008). Entrepreneur behaviors, opportunity recognition, and the origins of innovative ventures. *Strategic Entrepreneurship Journal*, 2, 317-338. doi:10.1002/sej.59
- Edelman, L., & Yli-Renko, H. (2010). The impact of environment and entrepreneurial perceptions on venture-creation efforts: Bridging the discovery and creation views of entrepreneurship. *Entrepreneurship Theory and Practice*, 34(5), 833-856.
- Fiske, S. T. (1995). Social cognition. In A. Tesser (Ed.), *Advanced social psychology* (pp. 148-193). New York: McGraw-Hill.
- Fritsch, M., & Storey, D. J. (2014). Entrepreneurship in a regional context: Historical roots, recent developments and future challenges. *Regional Studies*, 48(6), 939-954.
- Gielnik, M. M., Krämer, A., Kappel, B., & Frese, M. (2014). Antecedents of business opportunity identification and innovation: Investigating the interplay of information processing and information acquisition. *Applied Psychology: An International Review*, 63(2), 344-381.
- Glaeser, E. L., & Kerr, W. R. (2009). Local industrial conditions and entrepreneurship: How much of the spatial distribution can we explain? *Journal of Economics & Management Strategy*, 18(3), 623-663.
- Hartt, M. (2018). The diversity of North American shrinking cities. *Urban Studies*, 55, 2946-2959.
- Hayton, J., Chandler, G. N., & DeTienne, D. R. (2011). Entrepreneurial opportunity identification and new firm development processes: A comparison of family and non-family new ventures. *International Journal of Entrepreneurship and Innovation Management*, 13(1), 12-31.
- Headd, B. (2010). *An analysis of small business and jobs*. Washington, DC: Small Business Administration. Retrieved from [https://www.sba.gov/sites/default/files/files/an%20analysis%20of%20small%20business%20and%20jobs\(1\).pdf](https://www.sba.gov/sites/default/files/files/an%20analysis%20of%20small%20business%20and%20jobs(1).pdf)

- Jacobs, S. (2018, January 14). 10 American cities that have fallen into decline. *Business Insider*. Retrieved from <https://www.businessinsider.com/us-census-data-population-decrease-shows-american-cities-in-decline-2018-1>
- Keh, H. T., Foo, M. D., & Lim, B. C. (2002). Opportunity evaluation under risky conditions: The cognitive processes of entrepreneurs. *Entrepreneurship Theory and Practice*, 27(2), 125-148.
- Kibler, E., Kautonen, T., & Fink, M. (2014). Regional social legitimacy of entrepreneurship: Implications for entrepreneurial intention and start-up behaviour. *Regional Studies*, 48(6), 995-1015.
- Kickul, J., Gundry, L. K., Barbosa, S. D., & Whitcanack, L. (2009). Intuition versus analysis? Testing differential models of cognitive style on entrepreneurial self-efficacy and the new venture creation process. *Entrepreneurship Theory and Practice*, 33(2), 439-453.
- Kier, A. S., & McMullen, J. S. (2018). Entrepreneurial imaginativeness in new venture ideation. *Academy of Management Journal*, 61, 2265-2295.
- Kuckertz, A., Kollmann, T., Krell, P., & Stöckmann, C. (2017). Understanding, differentiating, and measuring opportunity recognition and opportunity exploitation. *International Journal of Entrepreneurial Behavior & Research*, 23(1), 78-97.
- Kuratko, D. F. (2005). The emergence of entrepreneurship education: Development, trends, and challenges. *Entrepreneurship Theory and Practice*, 29, 577-597.
- MacPherson, A., & Ziolkowski, M. (2005). The role of university-based industrial extension services in the business performance of small manufacturing firms: Case-study evidence from western New York. *Entrepreneurship & Regional Development*, 17, 431-447.
- Martinez-Fernandez, C., Audirac, I., Fol, S., & Cunningham-Sabot, E. (2012). Shrinking cities: Urban challenges of globalization. *International Journal of Urban and Regional Research*, 36(2), 213-225.
- McCline, R. L., Bhat, S., & Baj, P. (2000). Opportunity recognition: An exploratory investigation of a component of the entrepreneurial process in the context of the health care industry. *Entrepreneurship Theory and Practice*, 25(2), 81-94.
- McGee, J. E., Peterson, M., Mueller, S. L., & Sequeira, J. M. (2009). Entrepreneurial self-efficacy: Refining the measure. *Entrepreneurship Theory and Practice*, 33(4), 965-988.
- McKeever, E., Jack, S., & Anderson, A. (2015). Embedded entrepreneurship in the creative reconstruction of place. *Journal of Business Venturing*, 30(1), 50-65.
- Meek, W., & Williams, D. W. (2018). Venture creation persistence: Overcoming stage-gate issues. *International Journal of Entrepreneurial Behavior & Research*, 24(5), 1016-1035.
- Miller, E. W. (1989). The anthracite region of northeastern Pennsylvania: An economy in transition. *Journal of Geography*, 88(5), 167-171.
- Morris, M. H., Neumeyer, X., Jang, Y., & Kuratko, D. F. (2018). Distinguishing types of entrepreneurial ventures: An identity-based perspective. *Journal of Small Business Management*, 56(3), 453-474.
- O'Connell, J. (2018, January 7). Figures show a decline in middle income households in the region. *The Citizens' Voice*. Retrieved from <https://www.citizensvoice.com/news/figures-show-a-decline-in-middle-income-households-in-the-region-1.2287708>
- Reckien, D., & Martinez-Fernandez, C. (2011). Why do cities shrink? *European Planning Studies*, 19(8), 1375-1397.
- Sahai, R., & Frese, M. (in press). If you have a hammer, you only [*sic*] look for nails: The relationship between the Einstellung effect and business opportunity identification. *Journal of Small Business Management*. doi:10.1111/jsbm.12346
- Scranton, Pennsylvania Population 2018. (2018, June 12). World Population Review. Retrieved from <http://worldpopulationreview.com/us-cities/scranton-pa-population/>
- Shane, S. (2009). Why encouraging more people to become entrepreneurs is bad public policy. *Small Business Economics*, 33(2), 141-149.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25, 217-226.

- Singh, R. P. (2001). A comment on developing the field of entrepreneurship through the study of opportunity recognition and exploitation. *Academy of Management Review*, 26(1), 10-12.
- U.S. Census Bureau. (2017). QuickFacts data access tool. Retrieved from <https://www.census.gov/quickfacts/fact/table/scrantoncitypennsylvania,US/PST045217>
- Wang, Y., Ellinger, A. D., & Wu, Y. (2013). Entrepreneurial opportunity recognition: An empirical study of R&D personnel. *Management Decision*, 51(2), 248-266.
- Weinstein, A. L., & Partridge, M. D. (2011, June). *How can struggling communities make a comeback?* The Ohio State University Department of Agricultural, Environmental, and Development Economics. Retrieved from <http://aede.osu.edu/programs/swank/>
- Welter, F., Baker, T., Audretsch, D. B., & Gartner, W. B. (2017). Everyday entrepreneurship—A call for entrepreneurship research to embrace entrepreneurial diversity. *Entrepreneurship Theory and Practice*, 41(3), 311-321.
- Wennekers, S., & Thurik, R. (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1), 27-55.
- Wiklund, J., Davidsson, P., & Delmar, F. (2003). What do they think and feel about growth? An expectancy-value approach to small business managers' attitudes toward growth. *Entrepreneurship Theory and Practice*, 27(3), 247-270.
- Yusuf, A., & Schindehutte, M. (2000). Exploring entrepreneurship in a declining economy. *Journal of Developmental Entrepreneurship*, 5(1), 41-56.