



Behavioral disinhibition and nascent venturing: Relevance and initial effects on potential resource providers



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ABSTRACT

While relatively weak inhibition is often associated with unproductive behavior and pathologies, it may favor acting on entrepreneurial opportunities. Ultimately exploiting opportunities, however, goes well beyond individual action, requiring organizing/others. This raises the question of how others perceive and respond to disinhibition in an entrepreneurial agent. Triangulating from psychology and entrepreneurship literatures, behavioral disinhibition in an entrepreneur is hypothesized to have ambivalent, overall negative effects on potential resource providers. A randomized experiment tested the hypotheses. Results were significant, with moderate to large effect sizes. The findings suggest that behavioral proclivities facilitating individual entrepreneurial action may paradoxically undermine organizing. The work contributes to an emergent literature on ostensibly dark-side characteristics relevant to entrepreneurship, extends knowledge on entrepreneur behavior influencing potential resource providers, and highlights unresolved tensions relevant to opportunity pursuit (e.g., exploration/exploitation dilemmas).

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1. Executive summary

Entrepreneurship begins with an individual, requiring novel action under uncertainty and breaching behavioral bounds (e.g., established logic) (Baron, 2007; Gavetti, 2012; McMullen and Shepherd, 2006; Knight, 1921; Schumpeter, 1934). Yet entrepreneurs have almost exclusively been examined through the lens of relatively rational premeditated actors. Prior research has indeed made many contributions assuming that perspective (e.g., regarding heuristic decision making, high-optimism, differential goals, the rationality of effectual logic). Largely neglected however has been an alternative driver and underlying logic of entrepreneurial action, that of disinhibition (Lerner, 2010; Lerner and Fitza, 2012; Wiklund et al., 2014; Yu et al., 2016). Behavioral disinhibition is meaningful to entrepreneurship as it can bridge the chasm between uncertainty, established logic and the problem of what is logical *ex ante*, and individual action. Furthermore, considering entrepreneurial action as a possible consequence of disinhibition does not require implicit assumptions of premeditation—whether based on heuristics, intentioned goals, effectuation, or prospection. Interestingly, it also fits with popular suggestions of a positive link between behavioral disinhibition (e.g., hyperactivity, impulsivity, ADHD) and entrepreneurship (e.g., Archer, 2014; Tice, 2010).

This research introduces disinhibition in relation to entrepreneurship. It does not presume entrepreneurs are irrational or rational, nor that disinhibition is adaptive for entrepreneurship. On the contrary, it illuminates a paradox. While disinhibition may impel initiating entrepreneurial action, it often interferes with individual performance on activities requiring sustained attention to detail. Thus, in an entrepreneur, it compounds the importance of attracting supporting complementary others (and the risk of being one of myriad unsuccessful venturing attempts, apt to go empirically unobserved).

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Considering the need for any entrepreneur to organize support from others, this paper focuses on the hitherto unexamined effects of behavioral disinhibition on potential resource providers. Basic hypotheses are developed, non-specific to type of potential resource provider. Behavioral disinhibition by an entrepreneur is hypothesized to have ambivalent effects on third-party inferences about the entrepreneur (H1a/b), and adversely affect judgments about the likelihood of venture success (H2) and interest in supporting the venture (H3).

Results of a randomized experiment support the hypotheses. Behavioral disinhibition by an entrepreneur had highly significant, moderate to large effects (all GLM $p < .001$, $\eta_p^2 > .07$). Additional analyses considered potential effects of subject individual differences. Significant main and moderating effects were found for subject disinhibition. Respectively, those lower in disinhibition were less interested in supporting (joining) a venture, and entrepreneur disinhibition more adversely affected the interest of subjects lower in it. The findings suggest that fit with prototypical entrepreneurs notwithstanding, displaying behavioral disinhibition presents a friction in attracting support—especially with more complementary supporters.

The paper it adds to the entrepreneurship literature by expanding the collective understanding of individual factors significantly affecting potential resource providers. In relation to the organizational literature more generally, it offers disinhibition as a relevant construct and variable for future research (e.g., as a possible predictor of employee innovation behavior, of novel/frequent strategic initiatives, or of strategic coherence). Thus, while adding incremental knowledge, the contribution goes beyond a test of incumbent theory and variables. The work does not change a prevailing scientific view or offer a focused extension. Rather, its broad theoretical aperture and its basic hypotheses precisely tested with a randomized experiment, offer a novel basis for future research (e.g., on disinhibition as a logic driving entrepreneurial action, on social cognition, on obstacles to organizing/joint-production, on behavioral strategy). Besides adding to psychology literature focused on disinhibition, it foment an emerging literature on entrepreneurship, *dark-side* characteristics, and clinical psychology (e.g., Akhtar et al., 2013; Verheul et al., 2015; Wales et al., 2013; Wiklund et al., 2014).

Practically, the findings imply the following. Irrespective of its potential upside and fit with prototypical entrepreneurs, behavioral disinhibition by an entrepreneur adversely affects third-party inferences about the individual and venture—including interest in supporting. The work offers scientifically grounded insight and caution related to romanticized views on behavioral disinhibition and ADHD in entrepreneurship. Coupled with other research – on disinhibition, on its positive link with entrepreneurial intentions and behavior, on the nature of the entrepreneurial process – the findings suggest entrepreneurs would be wise to not romanticize but to down-regulate behavioral disinhibition when attempting to acquire support. Finally, the work suggests the opportunity and need for further research in relation to the effects of disinhibition in business venturing (e.g., according to stage, contextual, or configurational factors), and in relation to potential implications for entrepreneurship education and interventions.

2. Introduction

Without the occurrence of “action by individual entrepreneurs, there would simply be no entrepreneurship and no new ventures” (Baron, 2007: 167). There are however obstacles inhibiting entrepreneurial action. Initially, these largely relate to uncertainty and inertia. Uncertainty is inherent in the entrepreneurial opportunity itself (e.g., Knight, 1921; McMullen and Shepherd, 2006). This means entrepreneurial action requires an individual with relatively less concern for calculative expected value or logical prospection. Furthermore, there is also individual inertia and uncertainty in what to do. Entrepreneurship requires an individual to do something novel (McMullen and Shepherd, 2006), outside “accustomed channels,” “without those data for his decisions and those rules of conduct which are usually very accurately known to him”; “it is not only objectively more difficult to do something new than what is familiar and tested by experience, but the [typical] individual feels reluctance to do it” (Schumpeter, 1934: 84–86). Thus, some deviation from or disregard for conventional logic favors entrepreneurial action, with such serving to overcome the chasm of uncertainty and inertia. In essence, the would-be entrepreneur must be sufficiently uninhibited and act somewhat more on impulse than other economic agents.

Yet following individual action, an entrepreneur needs others to join the pursuit. Others' resources (e.g., human capital) are necessary for “the transformation of an [entrepreneur's] idea into an organization” (Aldrich and Martinez, 2001: 45). Thus, others represent potential resource providers, and business venturing requires others support the pursuit of uncertain opportunity (e.g., Parhankangas and Ehrlich, 2014; Zander, 2007; Zott and Huy, 2007). Accordingly, there are basic social psychological questions relevant to understanding nascent venturing. Among these are how characteristics and behaviors of a potential founder affect others' judgments (e.g., about the entrepreneur, about the likelihood of venture success, and about interest in supporting the venture). This is because potential resource providers' initial perceptions are a determinant of the occurrence (or non-occurrence) of more advanced evaluation and ultimate resource allocation/non-allocation (Clark, 2008; MacMillan et al., 1985; Maxwell et al., 2011).

While prior research has examined the effects of various entrepreneur characteristics and behaviors on the judgments of potential resource providers, the focus has largely been on ostensibly positive ones (e.g., human capital, passion, trust building actions). The fact that extant literature has yet to consider some particular characteristics is not necessarily a theoretical or practical problem. However, an unresolved tension exists in relation to ambivalent behavioral characteristics relevant to entrepreneurship. In particular, the behavioral proclivities adaptive for initiating action under uncertainty and challenging the status quo (i.e., relatively uninhibited impulse, cognition, and behavior) can also be counter-productive (e.g., Carver, 2005). In relation to venturing behavior and later venturing outcomes (e.g., firm formation, firm performance), the down-side such disinhibition stands to compound the importance and relevance of supporting others. Consequently, the social effects of such disinhibition are relevant to entrepreneurship theory and to understanding entrepreneurial behavior and organizing.

Following in the tradition of prior research examining the effects of particular entrepreneur characteristics (e.g., Baron et al., 2006; Matusik et al., 2008) and behaviors (e.g., Chen et al., 2009) on others, this work provides a focused examination of the

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