



Action! Moving beyond the intendedly-rational logics of entrepreneurship



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ABSTRACT

Entrepreneurial action is central to entrepreneurship theory, and is broadly seen to arise as a consequence of intendedly rational logics (whether causal or effectual), reflecting reasoned judgment. But, is this always the case? While entrepreneurial action may often be the result of a judgmental decision (between alternative courses of action/inaction), the presumption that reasoned judgment encompasses all the motives, modes and mechanisms leading to entrepreneurial outcomes seems dubious. Building on an emerging literature that seeks to address the boundaries of reasoned entrepreneurial action, we develop the notion that non-deliberative impulse-driven behavioral logics can also be the basis for business venturing. Our framework offers a complementary perspective to the intendedly-rational, deliberate logics perspective, opening novel pathways for future research and theory-building.

Executive summary

Central to the study of entrepreneurship is the essentiality of entrepreneurial action (e.g. Shepherd, 2015). Since entrepreneurship stems from the willingness to bear uncertainty (Venkataraman, 1997), the dominant theories of entrepreneurial action have sought to provide connections between that which precedes action and that which follows it. To date, extant entrepreneurship theory has been based on intendedly-rational action and actors, with entrepreneurial action underpinned by some form of reasoned intentionality undergirding decision-making processes (McMullen and Shepherd, 2006; Shepherd, 2015; Foss and Klein, 2012). Scholars' ability to predict and understand business venturing has been advanced considerably based on this perspective – and the notion of reasoned judgments preceding behavior has become so central to the study of entrepreneurial action that it typically lies within the definition itself, for example: “Entrepreneurial action refers to behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit” (McMullen and Shepherd, 2006: 134).

However, some empirical observations pose a provocative counterweight to the core assumption that judgmental decisions necessarily precede action. For instance, there are numerous prominent entrepreneurs (e.g., Richard Branson, David Neeleman, Paul Orfalea) who insist that much of their entrepreneurial action and even their respective successes, are not the result of reasoned judgments, but rather based on disinhibition (Branson, 2002; Hantula, 2006; Orfalea and Marsh, 2005; Wynbrandt, 2004). Recent research suggests these are far more than fringe cases. In fact, entrepreneurial action based on ADHD or trait impulsivity may be

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relatively commonplace (Lerner et al., 2017b; Wiklund et al., 2016, 2017b) – something consistent with recent findings that one in five individuals who engaged in entrepreneurial action appeared to do so without *ex ante* entrepreneurial intentions (Kautonen et al., 2015: 668).

Our central contention is that entrepreneurial action is birthed by a wide assortment logics – ranging from deductive, causation-based reasoning, to heuristic and effectual reasoning, to disinhibition and a relative lack of *ex ante* reasoning altogether, to a shifting blend of all types. Though notoriously elusive, that which consists of largely unreasoned entrepreneurial action must also be captured, understood and assessed. While behavioral, non-intendedly rational logic does not supplant the prominence of reasoned action, its presence and impact are under-explored facets of the individual–opportunity nexus. Few, if any facets of human existence are solely demarcated by reasoned deliberative action, and so it seems unlikely that entrepreneurial action stands alone in this regard. The challenge we embark upon in this study is how to give a name and face to venturing emanating from origins that are largely non-deliberative, unintended, and involve unreasoned impulses. Absent the incorporation of less-reasoned logics, theories of entrepreneurial action are, at a minimum, incomplete.

1. Introduction

With few exceptions, explanations of entrepreneurship are implicitly functional (Bruyat and Julien, 2001; Gartner and Shane, 1995; Schumpeter, 1934; Stevenson and Jarillo, 2007). That is, behavior is typically explained in terms of some ultimate purpose or teleology, which has been defined by the function of entrepreneurship in the economy or the individual's conscious vocational aspirations (Gartner, 2007). When this underlying functional presumption is combined with theorizing on causal structure of individual behavior, such as that actions are reasoned and arise from intentions (Ajzen, 1991), the consequence has been that the function becomes embedded in the reason (e.g. Bird, 1988). Thus, to be considered entrepreneurial, an action is ascribed a functional role, a means to an end (Gartner, 2007). Over time, the notion that entrepreneurial actors deliberately evaluate opportunities before acting has become so central to entrepreneurship literature that it is reflected in definitions of entrepreneurial action, such as: “[entrepreneurial action is] ‘behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit’ (McMullen and Shepherd, 2006: 134)” (Shepherd, 2015: 493, emphasis added).

While this interlacing of functionality and intentionality forms the dominant conception of entrepreneurial action, such a rendering fails “to capture complex dynamics that reflect the individual and unique characteristics of the entrepreneur” (Chell and Allman, 2003), including idiosyncratic aspects of an action's primordial impetus, which may be neither intended nor based on the functional merits later ascribed to it. Thus, a conception of entrepreneurial action that is solely circumscribed by intentionality does not square with observations of impulse-driven actions that lack explicit entrepreneurial intentionality when undertaken, but eventually reveal entrepreneurial outcomes as a consequence of those actions. In the end, both deliberate actions and impulse-driven actions may give rise to entrepreneurial outcomes that comprise the domain of entrepreneurship research.

Anecdotally, prominent entrepreneurs such as Richard Branson, David Neeleman, and Paul Orfalea have suggested that their clinically high disinhibition – in essence, being highly impulse-driven with negligible ability to pause or inhibit – is central to their entrepreneurial action and even their respective successes (Branson, 2002; Hantula, 2006; Orfalea and Marsh, 2005; Wynbrandt, 2004). Recent research suggests these are far more than fringe cases; entrepreneurial action based on ADHD or trait impulsivity may be relatively commonplace (Lerner et al., 2017b; Wiklund et al., 2016, 2017b). This is consistent with other recent findings that one in five individuals who engaged in entrepreneurial action appeared to do so without *ex ante* entrepreneurial intentions (Kautonen et al., 2015: 668). The growing acknowledgement that largely unreasoned actions can and do result in entrepreneurial outcomes has created both challenges and opportunities for entrepreneurship scholars.

Underlying this tension is the primacy of functionalist interpretations, which impose an *ex ante* rational-intentional teleology upon the actions of entrepreneurs. Alternative interpretations invert this order, starting from causal explanations that do not depend on teleological “reverse engineering” of the action. Rather than arguing that individual *X* takes action *Y* in order to achieve entrepreneurial ends, the observer remains open to the possibility that: (1) *X* performs *Y* simply on impulse (in response to a stimulus, external and or internal); and, (2) what *X* does can generate consequences that are meaningful entrepreneurial outcomes. In this sense, the entrepreneurial nature of the action is a diachronic state, evolving over time rather than being fixed from the time of an initial action. This, in turn, allows for action that is not intendedly rational to produce entrepreneurial outcomes.

In this paper, we expand and enhance efforts to develop an explanatory framework governing impulse-driven non-deliberative action by addressing two specific questions. First, in the absence of *a priori* evaluative judgments evincing entrepreneurial intentionality, what is the causal structure of entrepreneurial action? Second, how might such unreasoned action result in entrepreneurs and entrepreneurial ventures? To address the first question, we propose a continuum of causal mechanisms, one that contemplates the existence of non-deliberative individual action, with special attention accorded the understudied range characterized by disinhibition. The concept of disinhibition is central to a number of research streams in psychology (Carver, 2005; Carver and White, 1994; Nigg, 2000). It refers broadly to a lack of inhibition (cognitive, affective, and or behavioral) and forms the foundation of constructs such as ADHD (Barkley, 1997) and impulsive sensation-seeking (e.g. Sharma et al., 2014). Impulse-driven

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