

## **FOLLOWING THE MUSE: NON-DELIBERATIVE, UNREASONED NASCENT-STAGE VENTURING**

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### **INTRODUCTION**

Entrepreneurship literature broadly presumes that entrepreneurial action arises as a consequence of intendedly rational logics (whether causal or effectual), reflecting reasoned choices between alternative courses of action. But, is this always the case? We explore the limits of this premise while considering the role of non-rational impulses in business venturing, reflecting the inability or unwillingness to pause for the recognition of alternative courses of action and the pros and cons of each. Although deliberative consideration might precede entrepreneurial action in the preponderance of cases, the presumption that this mode captures all the motives and mechanisms for entrepreneurial action is questionable. By adopting a more accommodative stance, we argue that non-deliberative, impulse-driven behavioral logics can also be the “seed corn” of nascent-stage venturing. Building on an emerging literature that seeks to address the boundaries of rational entrepreneurial action, we develop a complementary amendment to the top-down, deliberate logics perspective. The new theory offers a number of exciting pathways for future research and theory-building.

### **THEORETICAL BACKGROUND**

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. The prevailing assumption among existing theories is that action is underpinned by reasoned decision-making processes (McMullen & Shepherd, 2006; Shepherd, 2015; Foss & Klein, 2012).

However, selected empirical observations pose a provocative counterweight to these logics. For instance, recent findings show that one in five individuals who engaged in entrepreneurial action appeared to do so without *ex ante* entrepreneurial intentions (Kautonen, Van Gelderen and Fink, 2015: 668). At times, it appears that some individuals take entrepreneurial action more on a whim than on the basis of consciously held, goal-directed intentions or effectual logic (Wiklund et al., 2016). The specter of impulse-driven, non-deliberative action may seemingly reduce human endeavors to a folly. Such unreasoned action seems antithetical to business venturing, whether for novel sources of profit or the achievement

of meaningful non-financial objectives. At the same time, the theoretical elusiveness of unreasoned action does not negate its existence.

Our central contention is that entrepreneurial action is birthed by a wide assortment circumstances and motivations, ranging from staunchly deductive, causation-based reasoning, to effectual reasoning, to a relative lack of *ex ante* reasoning altogether, to a shifting blend of all three. Though notoriously elusive, that which consists of largely unreasoned entrepreneurial action must also be captured, understood and assessed.

An unresolved question in understanding entrepreneurship is why some individuals and not others pursue opportunities (Shane & Venkataraman, 2000; Lee & Venkataraman, 2006). Current conceptions of the relationship between individuals and opportunities focus broadly on two sequential stages: attention and evaluation (McMullen & Shepherd, 2006). According to this perspective, entrepreneurial action occurs when an individual perceives an opportunity to exist (e.g. Baron & Ensley, 2006; Gregoire, Barr & Shepherd, 2010), and judges it worthwhile to pursue in spite of the risks, uncertainty, and his or her knowledge and experience (e.g. Dimov, 2007; Haynie et al., 2009). In this regard, the notion that entrepreneurial actors deliberately evaluate opportunities before acting is central not only to traditional models involving boundedly-rational economic actors, but also to perspectives based on effectuation or higher-order motives (e.g. autonomy, need for achievement). In fact, the presumption of reasoned judgments preceding behavior is so central to entrepreneurship literature that it presently appears built into the definition of entrepreneurial action itself. As Shepherd (2015):

“Entrepreneurial action continues to be of considerable interest to researchers (Autio et al., 2013; Brettel et al., 2012; McKelvie et al., 2011; Meek et al., 2010; Mitchell & Shepherd, 2010). Entrepreneurial action refers to ‘behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit’ (McMullen and Shepherd, 2006: 134).” (Shepherd, 2015: 493)

As appealing and logical as the judgement-then-action paradigm is for theoretical models of entrepreneurial action, concerns have emerged that the paradigm incompletely circumscribes the empirical diversity of entrepreneurial behavior in the face of an opportunity. Shepherd’s (2015) call for *cognitively hot*, action-focused research expresses the emerging notion that less reasoned, more impulse-driven behavioral logics may also impel entrepreneurial action (e.g. Lerner, 2016; Spivack et al., 2014; Wiklund et al., 2016). Such logic can explain recent findings that the trait of impulsive sensation-seeking mediates the role of genetics in differentiating entrepreneurs from non-entrepreneurs (Nicolaou et al., 2008). Other recent studies on ADHD (a construct indicated by disinhibition, specifically: impulsivity, hyperactivity, and attentional variability), have found it predictive of entrepreneurial intentions (Verheul et al., 2015), entrepreneurial orientation (Thurik et al., 2016), entrepreneurial action (Lerner & Verheul, 2017; Wiklund et al., 2016), and entrepreneurial employment status (Verheul et al., 2016).

## **Spectrum of Action**

It is generally accepted that individual action is “crucial to the entrepreneurial process” (Baron, 2007: 167). From the existing literature it is readily apparent that a diverse array of logics applies when seeking to understand why entrepreneurial individuals act as they do. The implicit presumption that (all) entrepreneurial action is preceded by and grounded in some type of judgmental decision is a strong assumption, one that restricts researchers’ ability to

accommodate “the rich nature that makes up entrepreneurial phenomena” (Shepherd, 2015: 501). Further, the presumption is sometimes at odds with empirical realities. For example, Wiklund and colleagues’ (2016a) found that impulsivity, rather than judgmental decision-making, drives a considerable amount of entrepreneurial action.

While impulse-driven behavioral logics do not supplant the prominent role of reasoned action, its presence suggests that current theories of entrepreneurial action are, at a minimum, incomplete. A better approach is to discard the notion that reasoned and impulse-driven actions are either absolutes or polar opposites. Instead, it is more constructive to conceptualize reason as resting along a spectrum. The implication of adopting a spectrum-based approach is that for complex human behavior occurring over space and time, impulse-driven actions and deliberate, intendedly rational actions are rarely mutually exclusive. As in other realms of human behavior, any individual can manifest varying types of action, and at times does. Heterogeneity in underlying logics will vary as a function of conscious intentionality. The initial logic of an action might, at one end of the spectrum, be behavioral in nature (e.g. relatively unfettered impulse); or, at the other end, be quite conscious (e.g. intendedly-rational decisions based on analysis, heuristics, or conscious intentions).

### **Logics for Entrepreneurial Action**

In the context of entrepreneurship, general disinhibition and impulsive sensation seeking are vital sources of individual-actor differentiation (e.g. Nicolaou et al., 2008; Schumpeter, 1934). Nonetheless, extant frameworks for understanding entrepreneurial behavior presume some type of intendedly-rational rule-directed action. Three of the most prominent theories of entrepreneurial behavior are grounded in the logics of consequences, appropriateness and effectuation. Although there are important differences among these perspectives, each contributes to deeper understanding of when and how individual-opportunity nexuses result in entrepreneurial action. In marked contrast, entrepreneurship stemming from disinhibition – one prominent general form of relatively unreasoned action (Lerner, 2016) – appears to have little overlap with the other three. Absent consideration of disinhibition or related constructs (e.g. impulsivity) that are not grounded in intendedly-rational, rule-based logics, existing theories of entrepreneurial action run the risk of describing and predicting an incomplete profile of entrepreneurial phenomena. The omission of non-deliberative forays into nascent-stage venturing effectively censors the entire realm of impulse-driven entrepreneurial action. It is important to note that impulse-driven action might mistakenly be classified *ex post* as effectuation. Based on the established theoretical logics for explaining action, effectuation may appear to be the best fitting and allows the sense-making of impulse-driven action. Yet effectual logic is an intendedly-rational way to proceed under uncertainty, wherein one “take[s] a set of means as given and focus[es] on selecting between the possible effects than can be created with that set of means” (Sarasvathy, 2001: 245).

### **Impediments to the Conceptualization of Unreasoned Action**

While a conceptual case can be built for impulse-driven entrepreneurial action, attempts to incorporate such bottom-up perspectives into entrepreneurship theories face two significant barriers: (i) extant perceptions of impulse-driven action; and, (ii) empirical and ontological difficulties inherent to the process of identifying and isolating entrepreneurial action that

occurred without *ex ante* reasoning or intentionality. Notwithstanding recent findings that suggest a positive link between venturing, impulsivity (Wiklund et al., 2016b) and disinhibition (Lerner & Verheul, 2017; Verheul et al., 2015; 2016) – difficulty remains from the second significant barrier to developing a theory of unreasoned action in entrepreneurship: how to give voice to the context, actions and outcomes that are associated with entrepreneurial action that occurs in the absence of reason and intentionality? That is: what does impulse-driven, nascent-stage, pre-organization venturing even look like? To help address these important questions, we next explore the stories of three impulse-driven venturers.

### **ANIMATING IMPULSE-DRIVEN ENTREPRENEURSHIP – THREE VIGNETTES**

Entrepreneurs typically appear before us because of their actions, not their motivations for action. Once those actions occur, there is a rich amount of raw material with which to craft a rational narrative, linking intentions to actions. If relatively less-reasoned actions exist, each successive retelling of the founding narrative is likely to make it appear more and more intentional, until the less-reasoned origins are ultimately extinguished.

Our conceptual case for impulse-driven entrepreneurial action incorporates bottom-up logics by extending and enhancing recent findings that suggest a positive link between venturing, impulsivity (Wiklund et al., 2016b) and disinhibition (Lerner & Verheul, 2017; Verheul et al., 2015; 2016). Joining this stream, our proposed framework offers a depiction of entrepreneurial action as it emanates from both reasoned and non-reasoned sources. Still, in order for our contribution to be useful, it must also be veridical. There must be a common understanding regarding what constitutes entrepreneurial action that occurs without *ex ante* reasoning or intentionality. Accepting that extant theory and a considerable body of empirical work has aptly captured reasoned entrepreneurial action, the question becomes: What contexts, actions and outcomes characterize entrepreneurial action that occurs in the absence of reasoned intentionality? That is: what does impulse-driven, nascent-stage, pre-organization venturing even look like? To help address these important questions, we explore the stories of three impulse-driven venturers. In the full-length version of this work, three real-life vignettes are presented: Don Mullins, an American asbestos abatement supervisor; Haruto Kobayashi, a Japanese government software developer; and, Fatima Azoulay, a Moroccan female serial entrepreneur. Each case elucidates the experiences of actual individuals drawn from completed studies of entrepreneurial action, vividly presenting a conception of impulse-driven entrepreneurial action.

Consistent with theory-building methods that employ the analysis of heterogeneous case studies (e.g. Eisenhardt, 1989; Eisenhardt & Graebner 2007), these vignettes illustrate diverse individuals and contexts. Through these, we develop detailed portraits of non-deliberative venturing in which individuals by-pass the intendedly-rational reasoning that is normally thought to drive entry decisions and entrepreneurial action. Central to harvesting stylized findings from heterogeneous cases are two finely balanced aims: (i.) diversity of the individual contexts, and (ii.) representativeness of the overall collection of contexts (Santos and Eisenhardt 2009; Siggelkow 2007). Since multiple-case studies are characterized by intentional dissimilarity of an appropriately diverse set of cases (Eisenhardt 1989; Brown & Eisenhardt 1999), the central analytical aims are triangulation and synthesis (Patton 2005), not the extrapolation one witnesses with single-case designs. In this fashion, Multiple meanings are systematically culled out through the process of investigating a similar phenomenon across distinctive contexts (Creswell 2012;

Patton 2005). In the three vignettes that follow, our triangulation reveals common threads emerging from radically different individuals and contexts.

## DISCUSSION

Our theory-building investigation suggests the need for a considerably more nuanced approach to opportunity identification and entrepreneurial action than merely assigning rational and irrational labels. Classically conceived, rational decision-making may often result in an optimal response of inaction, while impulse-driven action represents the opposite extreme, an individual logic of ‘act before you think.’ Measured through the lens of reason, impulse-driven entrepreneurship thusly considered suggests a breakdown in governing logics, a failure to think things through, or even a glaring instance of foolishness. However, the value of intendedly rational logics in the context of a priori irreducible uncertainty is suspect if the optimal result is presumed to be inaction and stasis. Action *because* of uncertainty may define impulse-driven entrepreneurship more robustly than a conception of action *despite* uncertainty (Hunt & Song 2015; McGrath et al. 2004). Therefore, in resisting the temptation to ubiquitously label such logic ‘irrational’, one might consider that, from an action science perspective, action first (followed by reflection) is a necessary contributor to the generation of new understanding (Argyris et al., 1985).

The problem for entrepreneurship and theories of entrepreneurial action is in the “unbearable elusiveness” (cf. Dimov, 2011) of unobtrusively capturing the internal drivers prior to initial action, and the impossibility of distinguishing between latent, incipient, nascent, and non- entrepreneurs – without *a priori* knowledge of actions and outcomes yet to occur/not-occur. In light of uncertainty and high rates of abandonment, if what is considered *entrepreneurial* action is restricted to only actions that unambiguously are part of organizing a firm or otherwise developing an opportunity for exploitation, scholars further compound the issue of over or exclusively sampling on the conventional and readily observable (i.e. those more successful in emergence). As such, even the most diligent research efforts would systemically miss relevant actions, when appetitive impulses, boredom and a vague, unspecific desire for action spawn a series of unanticipated, unforeseeable events that are not originally fueled by forethought, judgment, or a conscious intention to become an entrepreneur.

Evidence of significant, pre-strategic venturing without intentionality draws entrepreneurship scholarship into an important new realm in which both planned rationality and unplanned spontaneity must be contemplated. However, impulse-driven logics are notoriously difficult to identify, isolate and describe. For example, the utterly kinetic, often random nature of Fatima’s entrepreneurial action obfuscates the tremendous achievements embodied in her courageous climb from being a near-destitute young widow with four children to a comfortable, self-sufficient lifestyle. Nonetheless, many facets of Fatima’s behavior are emblematic of the rapid unplanned action without regard to the consequences that characterizes impulsivity (Moeller, et al. 2001). In this sense, impulse-driven venturing involves conditions in which action precedes opportunity definition and development. The wheels of transaction-based commitments are set in motion so rapidly that thorough information processing simply cannot occur. Instead, the action-oriented cascade stems from disinhibition and what March and Simon (1993) referred to as “recognition-based” logics, a matching of situations to assumptions through intuition and “gut feel.” Upon reflection, Fatima indicates that she is aware that her rapid-fire, disinhibited action creates problems that would be resolved by taking a more measured approach.

On the other hand, rapid responses to even ill-formed and highly ambiguous stimuli have the benefit of producing decisive actions that are relatively unfettered by routinized conceptualizations of a potential opportunity (Schulz, 2014). Indeed, we observe this in Fatima. Her underlying disinhibition, associated behavior, and intuition (based on cursory if any, conscious consideration of appropriateness) yield rapid and novel action – providing her certain first-to-market advantages over procrastinators, imitators and venturers more inclined towards a reasoned consideration of conditions and opportunity costs. As a woman facing considerable socio-cultural and economic constraints, these dimensions of Fatima’s impulse-driven entrepreneurial action may be critical to her survival. Conversely, existing research has demonstrated that intuition-based or impulsive action is “inherently inaccurate” (Schulz 2014) and that the results are often perilous (Gersick & Hackman 1990). Our proposed framework suggests that the reality lies somewhere along the co-mingled spectrum of reason and unreason.

Like all substantial human endeavors, entrepreneurship is characterized by a vast array of actions and outcomes – many planned or otherwise intended, some not. The challenge for entrepreneurship scholars is to identify and reconcile the intended from the unintended by using testable theories of entrepreneurial action and outcomes. Much has happened in the past decade to ignite fresh interest in the most nascent-stage motivations that underlie the decision to undertake entrepreneurial action. While extant literature historically has tilted heavily towards models presuming deliberate, higher-order reasoning to conceptually circumscribe the individual-opportunity nexus (Shane 2003; Shepherd & McMullen 2006), efforts are accelerating to understand and accommodate entrepreneurial action that is characterized by less-reasoned pathways (Shane & Nicolaou 2015; Shepherd 2015; Wiklund et al. 2016a).

In a highly competitive market for the creation and capture of economic value, opportunity exploitation often affords nothing more than a brief window of opportunity (Kirzner 1997; Mises, 1949; Schumpeter, 1934). This means that a thriving entrepreneurial environment necessarily requires that the inaction of those who are stymied by uncertainty and indecision is “offset” by individuals who possess the willingness to strike while the iron is hot (Mann 1996; McMullen & Shepherd 2006), even when they may lack the resources to do so (Stevenson 1983) and a minimally developed idea/strategy of how they might actually do so. The relative bypassing of reason, bypasses inhibiting “fear, doubt, and aversion” (Van Gelderen et al. 2015), and serves as an efficient, market-enhancing force that replenishes the supply of entrepreneurial actors, even if (or because) may individuals fail to succeed (Casson 1982). Recent theoretical research (e.g. Choi et al., 2008; Shepherd et al 2007; 2017) indeed suggests that differential information and knowledge/ignorance can be a basis for why *some* actors form first-person opportunity beliefs and move to exploit more quickly. Other theory and real-life empirical vignettes do not challenge or contradict that perspective/possibility. Rather, we further extend the potential basis for entrepreneurial action beyond such reasoned information processing.

## REFERENCES AVAILABLE FROM AUTHORS