

OPPORTUNITY PURSUIT, DISINHIBITION, & SOCIAL BIAS: ADVANCING BEYOND INDIVIDUAL ACTION

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ABSTRACT

While relatively unfettered cognition, impulse, and behavior may favor perceiving and acting on opportunities, such disinhibition may present a social liability and thus interfere with organizing and reaching opportunity exploitation. Drawing on psychological and entrepreneurial literature, this research examines the connection between disinhibition and opportunity pursuit.

INTRODUCTION AND HYPOTHESES

The Social Psychological Gap between Entrepreneurial Individuals and Nascent Firms

Entrepreneurship presents a tension. On one hand, the pursuit and exploitation of entrepreneurial opportunity drives new value creation (Hitt et al., 2001) and is thus desired. On the other hand, opportunities involve uncertainty, and opportunities of consequence reside beyond the cognitive and behavioral bounds of most actors (Gavetti, 2012). Accordingly, actors somewhat unfettered in thought and action are needed to initiate opportunity pursuit. Yet exploiting opportunities requires resources not held by the individual actor. Thus, would-be founders must overcome inertia and inherent asymmetries with other individuals to engage them in the inherently uncertain pursuit of opportunity (Zander, 2007).

Therefore, understanding opportunity pursuit necessitates a complete picture of the social psychology involved – such as the effect of the would-be founder on others. This is because, among various reasons, others' perceptions and evaluations of a target individual (aspiring founder) are determinants of their resource allocation decisions (e.g., Chen et al., 2009).

However existing research says little about the social psychology of early-stage entrepreneurship. This is a serious limitation; immediately beyond the individual-opportunity nexus, advancing in the pursuit of entrepreneurial opportunity enters the realm of social psychology, requiring others and their resources. Resources are “input factors such as human capital (e.g., employees)...needed to create organizations” (Zott & Huy, 2007: 70).

In summary, before there can be a venture to finance, venture team dynamics, or venture performance, there must be a new venture. For the existence of a new venture, an individual opportunity pursuit needs to have transitioned to some type of organizational opportunity pursuit. Individual factors positively associated with individual entrepreneurial action could concurrently pose a social liability. For example, disinhibition (later discussed), though appearing to contribute to entrepreneurial intentions (Verheul et al., 2013), impel nascent entrepreneurial behavior (e.g. Lerner, 2010; Lerner & Fitza, 2012), and predict early small business activity (venturing among university students) (Lerner & Fitza, 2012; Verheul et al., 2013), might also interfere with getting others involved in the opportunity pursuit.

The Disinhibition—Entrepreneurship Connection and Tension

Entrepreneurship is characterized by uncertainty (Knight, 1921; McMullen & Shepherd, 2006) and action (Bird & Schjoedt, 2009; Frese, 2009). As uncertainty increases, planned action becomes increasingly futile and conscientious follow-through on established plans can become counter-productive (Knight, 1921; Sarasvathy, 2001). Since action based on incomplete knowledge and without the benefit of defined rules is necessary to advance under conditions of uncertainty, and considering individual time and resource constraints, would-be founders have little choice but to act somewhat more on impulse than other economic agents (e.g. Knight, 1921; Schumpeter, 1934). The higher the rate of doing/activity, the greater the potential for creative discovery, effectual learning, and advancement (cf. Sarasvathy, 2001; Simonton, 2003).

A similar story applies independent of whether the market environment is considered uncertain or malleable. Presuming boundedly rational economic agents (i.e. entrepreneurs) inhabit a multi-dimensional multi-peaked fitness landscape (e.g. Gavetti & Levinthal, 2000), a greater tempo in search and a reduced proclivity for conventional attention, perception, and action should facilitate perceiving and approaching more distal less competed peaks (Gavetti, 2012; Gavetti & Levinthal, 2000). Regarding activity rate, Frese (2009: 440) and others have noted “entrepreneurs [are and] have to be more active than normal employees and even managers (Utsch et al., 1999).”

Taken together, the above theoretically suggests that *some* hyperactivity, a proclivity to act more on impulse, and cognitive disinhibition (e.g. divergent attention) may favor *initiating* entrepreneurship, since such individual characteristics facilitate novel perception and greater action (especially under conditions of uncertainty). Beyond the theoretical, popular press and emerging scholarly research offer indications of greater hyperactivity, impulsivity, and attentional variability in those with entrepreneurial intentions (Verheul et al., 2013), in students who venture (Verheul et al., 2013), and in entrepreneurs (Hayek & Harvey, 2012; Levander & Raccuia, 2001; Tice, 2010). While such disinhibition may facilitate an individual initiating entrepreneurial action, it could also pose a social liability. Psychology literature (e.g., Canu et al., 2008; Chew et al., 2009; Paulson et al., 2005) has found that the appearance or suggestion of a target individual as hyperactive, impulsive, or attention deficit adversely affects others’ assessments of the target. Before presenting the specific research hypotheses, an abbreviated discussion of such disinhibition is provided.

In scientific discourse the terms *inhibition* and *disinhibition* are often used side by side and in different ways according to the type of research. The term (dis)inhibition can for example be used to describe neural activity, basic individual behavior, general social behavior, online behavior, sexual behavior, or under/over regulated behavior. Thus disinhibition is a versatile concept, which with related terms has “been used in diverse ways, at varying levels of abstraction” (Carver, 2005: 313; Nigg, 2000).

Behavioral disinhibition refers broadly to unrestrained behavior, from cognitive and hedonic motivational origins (Carver & White, 1994; Nigg, 2000). It offers a behavioral lens, theoretically grounded and empirically validated in underlying cognition, motivation, and neuroscience (e.g., Carver & White, 1994; Nigg, 2000; Shackman et al., 2009). From the cognitive perspective and underpinnings, behavioral disinhibition comes from relatively weak executive system functioning (Nigg, 2000). In regards to the motivational underpinnings, behavioral impulses are generated from bottom-up (limbic-cortical) systems: the Behavioral Activation System (BAS) and the Behavioral Inhibition System (BIS) (Carver & White, 1994; Corr, 2004; Nigg, 2000). From this perspective, behavioral disinhibition comes from uninhibited appetitive impulses (Nigg, 2000; Patterson & Newman, 1993; van den Bos et al., 2009).

The neuro-executive (cognitive) and psychophysiological (motivational) perspectives of behavioral disinhibition are complementary (Nigg, 2000). They are concerned with relatively unfettered behavior, starting from the perspective of *executive functions* (or *cognitive control capabilities* as termed by Laureiro-Martinez [forthcoming, Organization Science]) and lower-order motivational drives. Behavioral disinhibition offers relative parsimony – engaging unfettered individual behavior based on underlying cognitive and motivational processes (e.g., attentional orientation toward proximal reinforcement and gain-seeking). Yet given the term's usage in various literatures and perspectives, there is no broadly established or integrated operational definition of disinhibition as an overall construct. It is thus necessary to operationally circumscribe disinhibition, as a unified operational definition is beyond the current scope.

Attention Deficit/Hyperactivity Disorder (ADHD) squarely reflects behavioral disinhibition; ADHD is well established, offering a broad and circumscribed behavioral disinhibition, grounded in cognitive executive functioning weakness and appetitive impulses (Barkley, 1997; Barkley & Murphy, 2010; 2011; Barkley, Murphy, & Fischer, 2008; Nigg, 2000). Furthermore, it represents a specified established constellation of behavioral tendencies relatively common to varying degrees in adults, known to affect organizational behavior, and seemingly germane to various aspects of the entrepreneurial process. Independent of clinical cut-points or diagnosis, ADHD-type behavioral disinhibition provides a specified lens.

In relation to circumscribing behavioral disinhibition, I refer to ADHD disinhibition without presuming the level of hyperactivity, impulsivity, or selective focus inattention would qualify for clinical diagnosis. Simply, with greater levels of ADHD disinhibition, individual behavior is more hyperactive, impulsive, and distractible. Thus the behavioral disinhibition is in terms of observable behavior and specified. Furthermore, it is grounded in underlying cognitive disinhibition that is seemingly germane to creative pursuits (Carson et al., 2003; White & Shah, 2006; 2011) and absent in the exclusively BAS/BIS motivational perspective.

Returning to the connection with venturing, the theoretical basis for disinhibition facilitating individual entrepreneurial action was previously discussed. Considering indications of behavioral disinhibition fueling entrepreneurial intention (Verheul et al., 2013) and individual entrepreneurial action (Lerner & Fitza, 2012; Lerner, 2010; Verheul et al., 2013), a logical follow-on question is the extent to which individual intention and behavior advances in the entrepreneurial process – transitioning from *I* to *we*. However, the social effect of disinhibition in aspiring founders and entrepreneurs is yet untested in the scientific literature.

Popular press (The Economist, 2012; Tice, 2010) and high-profile cases (Branson, 2002; Orfalea & Marsh, 2005; Wynbrandt, 2004) suggest positive effects. Fit with anecdotal entrepreneurial prototypes and high-profile cases notwithstanding, the question remains as to the effect of behavioral disinhibition in a potential founder on others. In terms of individuals' evaluations of a potential entrepreneur, I hypothesize that:

Disinhibition in a would-be founder: (H1a) positively affects others' judgments of the founder's "generative" attributes (being creative, visionary, good at idea generation, good at recognizing opportunities); (H1b) negatively affects judgments of the founder's "administrative" attributes (being reliable, consistent, good at defining next-steps, good at implementing).

Beyond judgments about the aspiring founder's qualities, disinhibition in a founder might also affect assessments about the entrepreneurial pursuit. Existing academic literature (outside of an entrepreneurial context) suggests a negative social effect, while entrepreneurial popular press

and celebrity cases suggest the contrary. Challenging the anecdotal suggestion of disinhibition being socially accepted in founders (e.g. Tice, 2010), I hypothesize:

Disinhibition in a would-be founder undermines (reduces) others': (H2) judgments of the probability of venture success, and (H3) interest in joining the pursuit/venture.

METHOD

Research involving nascent stage phenomena such as venturing is particularly subject to winners' bias (e.g., Yang & Aldrich, 2012) since it is the initially successful actors who become and remain visible. Thus, for this particular research, designs using actual founders would start with winners (those who have organized) and would not be appropriate given the question and possibility of disinhibition impairing advancement to founder status. For this and other reasons, a randomized experimental design was used to test the general relationships hypothesized. The research design was a 2 x 2 x 2 mixed factorial in which participants evaluated two different would-be founders, with two associated opportunity pursuits (counterbalanced), in counterbalanced orders. The procedure was modeled after past research using experimental designs where subjects evaluated two apparent entrepreneurs (e.g., Baron et al., 2006) and potential entrepreneurial pursuits (e.g., Grégoire & Shepherd, 2012).

The experimental factors were: 2 levels of disinhibition in the would-be founders (within-subjects) x 2 different entrepreneurial venture pursuits (within-subjects) x 2 orders of presentation (between-subjects). The first factor was the independent variable of interest. The two levels of disinhibition reflect the indication of ADHD-type disinhibition in the would-be founder (+/-), without presuming clinical status in the + condition.

Given the novelty of the research, existing literature informed but could not offer operationalizations of outwardly observable behavioral disinhibition in an aspiring founder and of other individuals' hypothesized reactions/judgments. Accordingly, research stimuli and data collection items were developed based on prior research. Following Baron and colleagues (2006), subjects evaluated the target individual and associated entrepreneurial venture. Specifically subjects made decisions about the target entrepreneur, their interest in joining the pursuit/venture, and the likelihood of venture success.

The research stimuli were provided to subjects in a written format. This is consistent with entrepreneurial and other research where subjects are presented written descriptions for evaluating and making judgments, in the controlled research setting (e.g., Baron et al., 2006; Gregoire & Shepherd, 2012; Kahneman & Tversky, 1979).

For realism and to mask the explicit research question from subjects, the descriptions of the would-be founders were crafted to present the information composing the disinhibition manipulation interspersed with other details – as might be observed/ascertained from a brief pitch event or similar situation. In terms of the experimental manipulation, the indicators of disinhibition were based on existing literature and innocuous behavioral descriptions of the potential founder. The latter was to avoid use of explicit terms (e.g. *impulsive*) and labels including *ADHD*, which would be less realistic in a nascent entrepreneurial setting.

The target population was individuals who could be early-stage resource providers to a would-be founder – facilitating the transition from a solo pursuit. Broadly, this includes most any adult who might join the entrepreneurial pursuit, providing supporting labor for example. University students, particularly business students, sample part of this broad population. The

sample represents to would-be founders an easily accessible and inexpensive part of the total pool of potential start-up followers. Given the design and general research hypotheses, the sample is also in line with Colquitt's (2008: 616) suggestion of laboratory research "defined as studies involving undergraduate participants that occur in an environment that was created for research purposes." The sample should offer relatively conservative hypothesis testing, presuming a potentially naïve conception of entrepreneurship or that older adults would react at least as negatively to disinhibition. Regardless, **the sample is not suggested to proxy** financial investors, entrepreneurs, experienced co-founders, senior-level employees, or other populations. The final sample was 134 business students. Additional details are available from the author.

RESULTS

Given counterbalanced random assignment, paired t-tests and general linear modeling (Within-subjects Repeated Measures GLM) analyses were used to test the hypothesized relationships. The results follow, with standard significance notation used ($***=p<.001$; $*=p<.05$). The manipulation check confirmed the stimuli yielded the two behavioral disinhibition conditions ($t_{1,133}=21.4***$). Hypothesis 1a was supported, with results indicating that behavioral disinhibition led to perceptions of the founder being higher in generative qualities; in other words, the more disinhibited target/founder was believed to possess greater generative qualities ($t_{1,133}=7.3***$). The results also indicated that behavioral disinhibition adversely affects perceptions of a founder's administrative qualities; the more disinhibited target was perceived to be significantly lower in administrative qualities ($t_{1,133}=-15.0***$), supporting Hypothesis 1b.

Consistent with Hypothesis 2, expected probabilities of venture success were significantly lower when associated with a more disinhibited founder ($t_{1,133}=-3.4***$). Specifically, the venture associated with the disinhibited founder was considered 11.5% less likely to succeed. In other words, the results indicate that signs of disinhibition in founder significantly undermine the extent to which others' believe a venture will be successful.

In line with Hypothesis 3, disinhibition in a founder undermined others' interest in joining the entrepreneurial pursuit. In particular, participants indicated a (13.5%) lower likelihood of accepting an offer to join the venture of the disinhibited founder ($t_{1,133}=-3.2***$). Similarly, interest in joining as an intern or as an employee was significantly lower based on Likert responses ($t_{1,133}=-2.4*$; $t_{1,133}=-2.5*$).

To test the robustness of all the results and provide an assessment of the effect size (η_p^2) accounting for repeated measures, general linear models were run. The GLM results replicated the results of the paired t-tests, indicating similar and highly significant effects (all p -statistics $\leq .001$). Additionally, the disinhibition effects were *moderate to large* in size.

DISCUSSION

The research findings illuminate a paradox and asymmetry with regard to nascent opportunity pursuit. Consistent with much popular press and celebrity cases, entrepreneurs higher in disinhibition were believed to be more creative, visionary, and better at recognizing opportunities. Also on the positive side, they were expected to be more interesting and fun. These positive effects, however, were materially eclipsed by the adverse effect of disinhibition on beliefs of the individual's administrative qualities – undermining judgments of whether a venture is likely to be successful and of one's interest in joining the venture. The findings

illuminate that a factor associated with individual entrepreneurial action, left unregulated, presents a social friction for advancing in the entrepreneurial process.

In considering the findings, I would first recognize and remind that generalizability cannot come from a particular work – but rather is derived from a body of scientific investigations. The research reported here, appears to be among the first scientific examinations of behavioral disinhibition specifically in relation to venturing. Furthermore, it offers a novel angle on nascent entrepreneurship and organizing; it does not remove the lead actor (the founder/*Hamlet*), but examines others' assessments of and reactions to the protagonist (who, without a supporting cast, has no play). In doing so, it compliments related entrepreneurial literature thin in social psychology and where the research subjects are firm founders, firm investors, nascent firm teams, or nascent firms.

Given the randomized experimental research design, there is evidence of a causal relationship. Future research will be important to further examine how disinhibition affects venturing. However, as a starting-point and compared to a field setting in which effects might be confounded by myriad factors (e.g., differences in other founder characteristics, in presentation content, in recruitment or other business strategies, in the opportunities pursued), these findings indicate that disinhibition presents an organizing friction due to a social psychological effect on others. Furthermore, the findings provide insight as to why (based on undermining assessments of particular founder characteristics and of venture success likelihood).

The randomized experimental design offered the gold standard of causal inference because there is no possibility of reverse causality or endogenous selection-to-condition (Colquitt, 2008). Also, the design eliminated the possibility of results arising from common method bias because the independent variable was entirely exogenous and not provided by research subjects (Colquitt, 2008).

Yet any design presents trade-offs. The sample and controlled setting were appropriate for establishing a previously untested causal relationship otherwise subject to endogeneity or winners bias issues. This suggests the opportunity for future research using alternative designs and sampling other portions of the potential pool of start-up labor and other resource providers. Similarly, the findings suggest the opportunity for future research which carefully examines the effect of disinhibition in other contexts and in relation to other individual and environmental variables – cognizant of survivor bias or endogenous confounds.

The findings also suggest possible practical implications. As one example, aspiring entrepreneurs higher in disinhibition should be careful not to romanticize disinhibition or the creative side of entrepreneurship. More generally, improving higher-order self-regulation could facilitate channeling the productive potential of excess energy (hyperactivity), quick decision making and action (impulsive tendencies), and cognitive restlessness (attentional variability).

In relation to policy, practice, and theories of firm performance, social psychological perceptions and judgments are many steps removed from complex macro phenomena. However, the ultimate micro-foundations of individual action and eventual firm behavior are preceding unobservable psychological phenomena. Thus, informed praxis requires deep understanding.

Overall, this work contributes to the organizational literature by surfacing an unexplored tension relevant to opportunity pursuit. Additionally, it provides a contextualized examination of social cognition, and advances our understanding of the social effects of disinhibition in relation to vocational behavior.

REFERENCES AVAILABLE FROM AUTHOR
