



DISCUSSANT COMMENTS

PROGRESS IN UNDERSTANDING ENTREPRENEURIAL BEHAVIOR

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In pursuit of a better understanding on entrepreneurship, researchers are probing issues related to the emergence of specific technologies to the development of new ventures; from the evolving of new industries to the understanding of why some countries are more entrepreneurial than others. In his overview of the field, Baron (2004) noted three research questions that are central to the field of entrepreneurship. They are:

- Why do some persons but not others choose to become entrepreneurs?
- Why do some persons but not others recognize opportunities for new products or services that can be profitably exploited?
- Why are some entrepreneurs so much more successful than others?

As these questions indicate, probing entrepreneurship phenomena from just an economic perspective leaves us less than complete. Issues such as competitive analysis, utilization of resources and the attraction/allocation that have been found to be quite appropriate with larger more mature firms can also be constructive with entrepreneurial ventures. However, the explanations typically used with larger firms in mainline strategic management research invariably come up short in explaining the emergence of new and innovative ventures. The research

questions mentioned above cannot be adequately addressed just with mainline strategy tools. The issue of individual entrepreneurs and how they differ from other economic actors was of central concern to early theorists. For example, Schumpeter posited entrepreneurs have a 'will to compete' and a 'delight in ventures' that provides them the impetus for introducing market-breaking innovations through entrepreneurial effort (Schumpeter, 1934: 93). In his seminal work on risk and uncertainty, Knight saw entrepreneurs as a class of individuals who took on higher risk and had the 'disposition to act' in spite of the uncertain context in which they operated (Knight, 1921: 269). Kirzner (1979) also talked about entrepreneurs utilizing their intuitive hunches through entrepreneurial alertness to move markets back towards equilibrium.

With these conjectures came a substantial amount of research probing psychological traits in the 1960s through the early 1980s. Unfortunately, this research yielded equivocal findings due to a variety of issues. After years of little to no work on understanding individual entrepreneurs in the 1980s and 1990s, the cognitive approach to understanding entrepreneurs has emerged and seems to have fallen on fertile ground. It has become evident that our understanding of the entrepreneurship process is going to be significantly handicapped if we do not take into account the individual entrepreneur (Mitchell *et al.*, 2007; Shane and Venkatraman, 2000). The importance of the thinking of those individuals involved with the startup and innovation process is reflected in numerous articles included in the inaugural issues of the *Strategic Entrepreneurship Journal*. Article

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titles include terminology like opportunity beliefs, sensation seeking, entrepreneurs as end-users, and entrepreneurs as the active element in new venture creation. In sum, if we are going to make significant in-roads into explaining entrepreneurship related phenomena, then it seems that we have to give considerable consideration to the individuals who are taking the initiative and their behavior. In short, entrepreneurship researchers must take into account individual variables like the intentions, motivations and perspectives of the entrepreneur as well as situational factors. I now discuss the future potential of research taking the entrepreneurial cognition and networking behavior approaches.

ENTREPRENEURIAL COGNITION

In utilizing cognitive and social psychological theories and methodologies, several important perspectives have emerged over the past decade bringing us to the current position. Mitchell *et al.* (2007) noted that the major cognitive perspectives that have emerged include: entrepreneurial heuristics (e.g., Busenitz and Barney, 1997), noted that entrepreneurial expertise (e.g., Mitchell *et al.*, 2000), entrepreneurial alertness (e.g., Gaglio and Katz, 2001), and effectuation theory (Saravathy, 2001). While these perspectives represent different approaches and aspects, there are complementarities in these approaches as well.

Baron's article on 'Behavioral and Cognitive Factors in Entrepreneurship: Entrepreneurs as the Active Element in New Venture Creation' continues this developing stream of research that focuses on entrepreneurs in the development of new ventures. This article enhances our understanding of how entrepreneurs come to recognize new opportunities, how they continue to be impacted by experience and how they learn. Baron continues to break new ground in this area of entrepreneurial cognition. He argues that affect—the moods, feelings or emotions individuals experience—is likely to have both positive and negative effects on the entrepreneurial process in terms of the way they relate to others, the way they process information, their intentions of moving forward, and the way they handle adverse environments.

It seems evident that the various cognitive approaches have the potential to add constructive insights and tools for probing other areas of entrepreneurial research. For example, while creativity is

often thought of as an individual level characteristic, cognitive approaches may help us get closer to understanding how individuals make these creative leaps leading to the pursuit of new opportunities. It may also shed new light on why some individuals are more innovative than others. Entrepreneurship clearly involves substantial risk in the midst of much uncertainty. The cognitive approach gives us a means of potential understanding why some people undertake very risky endeavors. Finally the role of passion could also be constructive in helping us better understand the passion that entrepreneurs often have to pursue new opportunities. This may be particularly true with social entrepreneurship.

NETWORKING BEHAVIOR

More on the behavioral side, the Aldrich and Kim article in this issue entitled 'Small Worlds, Infinite Possibilities?' addresses the actions that entrepreneurs can take in building networks. They contend that the building of networks is a central building block for entrepreneurial ventures. It is not so much that entrepreneurs (and founding teams) are typically in the midst of large networks and thus get access to larger endowments of resources and thus have ventures with better performance. Rather this article concerns itself with how networks arise and evolve. Aldrich and Kim are interested in helping researchers probe how nascent entrepreneurs and those who are in the earlier stages of developing a venture put their networks together. They effectively outline three research models: *random networks* assumes that individuals have largely unlimited access to others in building new social ties (deemed largely unrealistic); *small world networks* recognizes that people's search for new ties is largely constrained by their more immediate context unless they bridge to additional ties; and *scale free networks* assumes that individuals have preferences for attachments resulting in a more structured and hierarchical system. In sum, this article is quite constructive with the way it articulates the various approaches to conducting research on networks.

Aldrich and Kim draw attention to the divergent relationships that nascent and early stage entrepreneurs can participate in and it holds intriguing potential for future research. To push this stream of research further, it would be very helpful to probe more explicitly the range in the depth of the relationships with which entrepreneurs engage. Antidotal

evidence signals that loose or very distant ties can be very beneficial in garnering specific information or resources that are not being widely used or whose value is not being fully recognized by the market. For example, in bootstrapping a venture, an entrepreneur may become aware of a piece of hardware that is no longer being used by an acquaintance and that it can be purchased very economically and put to a different use. Distance acquaintances can be an important source of information and connections to distant assets.

There may also be a place for more in-depth relationships. In network analyses, these tend to be considered family friends and individuals who are likely to significantly restrict access to needed diversity and resources. More specifically, a class of in-depth relationships that future research should consider involves mentors. With the number of younger entrepreneurs apparently on the rise, it seems that the role of mentors in emerging ventures can indeed be very large, particularly for first time entrepreneurs (Casnocha, 2007). A trusted and experienced confidant that new entrepreneurs can lean on for advice across a spectrum of decisions can be critical to an entrepreneur who needs assistance in the starting of a new venture.

In sum, examining the entrepreneur at both cognitive and behavioral levels offers much potential in answering some of the critical why questions that are central to entrepreneurship. As some of the articles in this inaugural issue indicate, the individual level of analysis cannot be ignored. The cognitive and

behavioral approaches offer us some rich tools with which to explore entrepreneurs.

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