Entrepreneurial action and the Euro-American social science tradition: pragmatism, realism and looking beyond ‘the entrepreneur’

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Entrepreneurship studies are dominated by the disciplines of economics and psychology and work within a limiting methodological frame of reference; a ‘scientistic’ and individualistic framework that dominates the US-led mainstream of research. To achieve a more balanced scholarship, it is helpful to look at an alternative style of research and analysis which has deep and intertwined European and American roots. This looks to other social sciences such as sociology, as well as to history and the philosophy of science. Its adoption would encourage to shift the focus away from ‘entrepreneurs’ and onto the much broader phenomenon of entrepreneurial action or ‘entrepreneuring’ in its societal and institutional contexts. Such a shift would open up a greatly expanded range of research questions and enable a better balance to be achieved between attention to individual entrepreneurial actors and their organizational, societal and institutional contexts. A pragmatist and realist frame of reference, which recognizes both the importance of processes of social construction and the existence of a ‘real world’, has considerable potential to enrich and expand the scope of entrepreneurship scholarship.

Keywords: entrepreneurship; entrepreneurial action; realism; pragmatism; effectuation; social construction

Introduction

Entrepreneurship studies have been dominated by the disciplines of economics and psychology and have taken for granted the primacy of certain narrow epistemological and ontological principles. As a result of this and the associated emphasis on ‘the entrepreneur’, too little attention has been paid to the historical, sociological and institutional aspects of entrepreneurial activity, and only limited use has been made of the range of analytical resources available in social sciences other than economics and psychology. The use of these social science resources, together with the recognition of advances in the philosophy of social science [or philosophy for the social sciences as Searle (2010) suggests], has enormous potential to reinvigorate entrepreneurial scholarship and, in particular, to move it away from the reductionist and populist concern with particular types of people called ‘entrepreneurs’. Such a move would rebalance entrepreneurial studies.

To help develop entrepreneurship studies that achieve a better balance between individual entrepreneurial actors and the economy and society in which they operate,

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I shall utilize the notion of the ‘sociological imagination’. This way of thinking about the social sciences (and not just sociology) was developed by Charles Wright Mills, a US scholar who was inspired by the American philosophical pragmatists, Charles Peirce, William James and John Dewey, and was strongly influenced by the European sociologist and economic historian Max Weber. I shall observe that pragmatist thinking is already appearing in entrepreneurship studies by scholars using a concept of ‘effectuation’. And I shall make central use of the concept of situated creativity developed by the European pragmatist, Hans Joas. This pragmatist notion with its American origins and its recent European adoption has considerable relevance for entrepreneurship scholarship.

In outlining a pragmatist and realist approach to entrepreneurship, I shall give full recognition to the processes of interpretation, social construction and discursive/narrative practice. It is vital, however, to ground these processes in the objectively existing ‘real world’ which human beings have to ‘cope with’. To do this enables much greater purchase to be achieved on issues of both entrepreneurial practice and public policy than would a shift towards subjectivist ‘interpretivism’ or hermeneutics with all the dangers of a slip into relativism and idealism. This is done in a broadly processual manner; one which shifts attention away from the ‘the entrepreneur’ and onto the entrepreneurial actions (or ‘entrepreneuring’) in which particular people engage in particular circumstances at particular times in their lives. This follows the Euro-American ‘sociological imagination’ tradition of studying social action and of identifying links between issues of personal milieux and social/historical structures and processes.

The conception of entrepreneurship research which I am outlining here has emerged from my work as a social scientist who studies entrepreneurship as just one aspect of the organizing and managing of work and business (Watson 1995) and from current fieldwork with a variety of entrepreneurial actors, ranging from some who engage in ‘everyday entrepreneurship’ in small businesses to people who have initiated and led the growth of much larger businesses (Watson 2013). My thinking has been sharpened by reading the work of and engaging in conversations with several entrepreneurship scholars who have been articulating what they see as a European style of research and theory – one which adopts a broader social science perspective than a great deal of mainstream entrepreneurship scholarship. I now consider the arguments of these colleagues, Johannisson, Steyaert, Hjorth and Gartner in particular.

The rebalancing of entrepreneurship studies: recent Euro-Nordic initiatives

Process, practice and entrepreneuring

Steyaert has argued for something similar to the ‘re-balancing’ that I speak of by focusing on the potential in ‘process theories’. He captures the essential quality of this work by using the term ‘entrepreneuring’. This parallels Weick’s (1979) exhortation to use more active sounding words like ‘organizing’ and ‘managing’ rather than the more static ‘organization’ and ‘management’. Steyaert (2007, 472) calls for the adoption of what Chia (1996) has called an ‘ontology of becoming’ as opposed to an ‘ontology of being’. And he links this to a call for an ‘ontology of relatedness’. This is a way of ‘transcending the methodological instrumentalism that was imported into entrepreneurship studies from economics and psychology without much reflection’. This is very welcome, as long as we think of relationality as including social institutions, cultures and political economic structures as well as patterns of interaction, storytelling and ‘conversation’. Attention must be paid, as Fletcher (2006, 425) puts it, to the ‘wider societal, economic or cultural structures or patterns that shape entrepreneurial practice’. By the same token, processes of
historical, cultural and social change are as vitally important as processes of day-to-day entrepreneuring. Steyaert (2007, 453) argues that ‘a process theory of entrepreneurship . . . is long overdue’ and his review of various existing process theories indicates the wide range of intellectual resources that might be drawn up to achieve this. Interestingly, given what is to be argued here shortly, he notes the contribution which American Pragmatist thinking can make. A similar acknowledgement is made by Johannisson (2011) who shifts the emphasis somewhat by calling for a ‘practice theory of entrepreneuring’.

Johannisson (2011, 1) is not, in spite of first impressions, replacing a ‘process’ emphasis with a ‘practice’ one. His preferred ‘practice theory’ entails adopting a ‘process perspective on entrepreneurship’ and his analysis again links with Weick’s processual thinking and its valuable notion of ‘enactment’. Johannisson, writing together with Hjorth, refers to the perspective of a ‘European School of Entrepreneurship’ (Hjorth and Johannisson, 341)1; something which, they suggest, makes them particularly interested in ‘hermeneutical/phenomenological’ thinking. In spite of this nodding to non-realist traditions of social interpretivism here, Hjorth and Johannisson also acknowledge the Pragmatists’ emphasis on emergence or ‘becoming’ by quoting William James’ statement that ‘What really exists is not things made but things in the making’. As I shall explain later, James is best understood as a realist and one of the great virtues of Pragmatism is that it encourages us to take heed of interpretive and hermeneutic processes without making them the defining features of our analysis. Correspondingly, a Pragmatist style of thinking encourages us to look at processual and practice aspects of social life without treating them as distinctive approaches.

Contextualization and the necessity of philosophical ground clearing

Hjorth, Jones, and Gartner (2008, 82) call for a research that ‘is better than the uncreative and decontextualized research currently dominant in entrepreneurship research’. They argue that ‘creative and contextualized’ research is better at ‘being in touch with the real’. This is an exceedingly welcome rejection of the relativism implicit in the fashionable and disintegrative academic discourse of multiple approaches, lenses, perspectives and the rest. It also accords, as we shall see, with the basic epistemological stance of pragmatism. The mention of creativity here appears to be primarily within the research effort itself. This call can, however, be extended to put human creativity at the centre of the way we look at entrepreneurship itself. Pragmatism, as we shall see, encourages us to do this.

Hjorth, Jones, and Gartner (2008, 82) stress the need to pay much more attention to the context of entrepreneurship, connecting this argument, first, to the vitally important point that ‘entrepreneurship belongs to society and not simply to economy’ and, second, to the fact that entrepreneurship studies have been limited by their ‘historically mediated tendency to draw upon, economics and psychology, and use metaphors from biology and mathematics’ and its failure to utilize the insights of sociology, anthropology and philosophy. This article is centrally concerned with utilizing sociological and anthropological ideas. Of equal importance is the argument that little can be done to develop the scholarly study of entrepreneurship without looking first to the philosophy of science and its particular concerns with epistemology and ontology. Before any kind of research and theorizing can proceed in the social sciences, ground clearing must be done to clarify what is going to be treated as ‘real’ in the social world and how one might evaluate the knowledge that is developed. The role for philosophy here corresponds with Locke’s famous aspiration for philosophy and his view that ‘it is ambition enough to be employed as an under-labourer in clearing the ground a little, and removing some of the rubbish that
lies in the way to knowledge’ (Locke 1689). Pragmatist philosophy will be used here with precisely this purpose in mind.

**History and the institutional ‘a priori’**

The importance of history is perhaps underplayed by Hjorth, Jones and Gartner. But how can one contextualize, or as the Pragmatists say ‘situate’, any kind of entrepreneurial activity without setting it in its time, without locating local-level processes within processes of historical and institutional change and without drawing out the invaluable insights that come from comparing what is occurring in the present to what occurred in the past? Furthermore, we can significantly advance our study of entrepreneurial action as an important type of human social activity by treating human history as a deep and rich source of material for our research – as long as material on any detailed example of entrepreneurial action in history is fully set in historical studies of the full range of institutional and material circumstances prevailing at the time of those actions. As Casson and Rose (1997, 6), writing in a business history context, argue, ‘the wider study of the institutional environment is inseparable from the study of business’.

Possibly even more important than the empirical material offered by history is the fact that an historical consciousness counters the debilitating tendency of so much contemporary reductionist ‘interpretivism’ to suggest that ‘reality’ can be constructed by people in the here-and-now through processes of conversation and inter-subjectivity. Our taken-for-granted reality is not just something we create *ab initio* in everyday activity and language use. We come into a social world that has cultures, structures and institutions which have a history. Luckmann (1983) refers to the ‘socio-historical a priori’ into which individuals are born. Historical scholarship, together with a general historical awareness in everything we do, should be put to work alongside sociology, anthropology and philosophy to rebalance entrepreneurship studies, dominated as they are, say Hjorth, Jones and Gartner (2008, 81), by economics and psychology and various associated ‘rigidifying norms and ossifying expectations’.

**Beyond scientism**

The norms and expectations which are challenged by Hjorth, Jones and Gartner are not those of science, I would argue, but of *scientism*; a way of thinking based on a positivistic assumption that all problems in the world can be dealt with by the application of ‘hard’ physics-like science (just as managerialism is a stance that all problems can be dealt with by systematic, instrumental and ‘rational’ managerial initiatives). These norms are also close to the ‘abstracted empiricism’ berated by Mills (1970, 65) for its lack of substantive theory, a ‘conception of the nature of society or of man’, and a dependence upon ‘statistical runs by means of which relations are sought’ (Mills 1970, 60). Hjorth, Jones and Gartner criticize mainstream entrepreneurship research for a ‘lack of realism’ and ‘the adoption of assumptions of distance, objectivity, predictability and control’. They do not go into detail on this. Elsewhere, however, Gartner (2010) uses Bruner’s notion of the ‘paradigmatic or logico-scientific’ mode of thought to characterize ‘attempts to fulfil the ideal of a formal, mathematical system of description and explanation’ which are driven by ‘principled hypotheses’ and ‘employ categorization or conceptualization and... operations by which categories are established, instantiated, idealized, and related one to the other to form a system’ (Bruner 1986, 12–13). Although he has worked extensively in this mode, Gartner (2010, 8) has concluded that his experience of ‘entrepreneurial
phenomena’ does not ‘fit with general principles’; he believes that there does not exist ‘inherently for any particular entrepreneurial situation, a way to understand it through an idealized solution’.

The norms of the scientistic orthodoxy are made explicit in the conclusions of a recent overview article in which Short, Ketchen, and Shook (2010) look at the ‘accomplishments and future challenges’ of the opportunity concept in entrepreneurship research:

The number of studies has increased dramatically over time, theory has been carefully developed and tested, and measurement is becoming more precise. Further progress towards understanding the nature of opportunities, their causes, and their effects will be made to the extent that studies include designs that facilitate causal inferences, analytical techniques that allow for the testing of dynamic processes, and more complex theory building and empirical modelling (2010, 62).

This kind of accretionist scientism is perhaps epitomized by Zhao, Seibert, and Lumpkin’s (2009) recent ‘meta-analytic review’ of the relationship between personality, entrepreneurial intentions and performance. In spite of its fairly positive conclusions, this review recognizes some serious inadequacies in the research. The authors report the ‘limitation’ that around three-quarters of the performance studies and all the intention studies which they reviewed were cross-sectional in nature, which, raises a question, in their own words, of ‘the causal direction of our observed effects’ (2010, 398). Central to this emphasis on ‘intention’ is the kind of methodological individualism which is at the heart of dominant thinking. So powerful, in fact, are these norms that even in research which appears to approach entrepreneurship in a less orthodox manner, we see a tendency to adhere to the methodological individualism of the mainstream entrepreneurship tradition. Chiles et al. (2009, 7, my emphasis), for example, in their ‘new perspective’ – which embraces ideas of complexity, creativity and process – nevertheless focus on what occurs in ‘entrepreneurs’ minds’. One might, and indeed I shall, argue that any retention at all of ‘the entrepreneur’ as a unit of analysis precludes any significant moving beyond the non-contextual, individualistic and rational economic actor assumptions of orthodox entrepreneurial research.

The rebalancing of entrepreneurship scholarship: the tradition of American Pragmatism

Pragmatist philosophy and coping with reality

American Pragmatist philosophy was created by Peirce (1939–1914), James (1842–1910) and Dewey (1859–1914). Their Pragmatism (together the various later versions of Quine, Davidson, Putnam and Rorty) is generally seen as the main contribution which American thought has made to modern philosophy (although we might note that an early influence on Peirce was a European one; Scottish common sense philosophy, Mounce 1997, 12). The founders of Pragmatism were, as Mount puts it, ‘opposed to those forms of scientism which arose in the nineteenth century and were variously known as Scientific Rationalism or Materialism or Positivism’ (1997, 2). Scientism and positivism, nevertheless, came to dominate management studies in general in the USA in the latter half of the twentieth century as business education institutions sought ‘academic legitimacy’ through ‘the adoption of scientific models based in experimentalism and statistical inference’ (Goodrick 2002, 665; cf. Stern and Barley 1996). Given the dominance of scientism in contemporary US management and entrepreneurship studies, it is interesting that we should find grounds for questioning the domination of scientism within American philosophical thought. A common theme that runs through the pragmatist tradition is the
idea that scientific knowledge should be evaluated not in scientistic terms of how accurately it tells us ‘what is the case’ in the world but, instead, in terms of how well it informs human actions in the world. Prioritization of practice is thus central to pragmatism, this resonating with the arguments of Johannisson and Steyaert considered earlier.

Pragmatism is based on recognition that there can never be a fully formed or ‘correct’ theory of any aspect of life. A complete understanding of any aspect of the world is impossible; reality is far too complicated for that to be possible. Knowledge about entrepreneurship, or any other aspect of the social world, is therefore to be developed to provide us with knowledge which is better than rival pieces of knowledge, or is better than what existed previously – in terms of how effectively it can guide human actors as they strive to deal with the realities of the world. Joas (1993, 21) says that the ‘guiding principle of pragmatism is that truth is no longer to do with getting a correct ‘representation of reality in cognition’; ‘rather, it expresses an increase of the power to act in relation to an environment’. Theories, according to James, are ‘instrumental’; they are ‘mental modes of adaptation to reality, rather than revelations [about the world]’ (quoted by Mills 1966, 227). Dewey put this very clearly by arguing that ‘the aim of knowledge is not to represent the world but to cope with it’ (quoted by Mounce 1997, 177).

Thus, a rebalancing of entrepreneurship knowledge would not take us towards any fundamental truth about the phenomenon or towards any complete theory of entrepreneurship. Instead, it would enable us to provide knowledge and understanding to the members of society to deal with entrepreneurial phenomena, whoever these members of society might be – entrepreneurial actors, customers, state policy-makers, investors, anti-business activists or ordinary citizens. To have legitimacy in the world of public debate, this knowledge would need to be seen as dealing with the ‘realities’ of the world.

Realism, interpretation, texts and narratives

Coping with reality and defying any kind of historical determinism with regard to what would emerge in the modernizing world were principles common to the Americans, James and Dewey, and the great European social scientist, Max Weber (Bendix 1966). But one could hardly speak of coping with the world (or being ‘in touch with reality’ as Hjorth, Gartner, and Jones 2008, put it) if the world is said not to have a ‘reality’; an existence separate from the coping human being’s perception or interpretation of it. William James stressed the need for realist ontology and the ‘existence of a reality independent of our cognition’, as Van de Ven (2007, 56) notes, quoting James’ statement that the notion of an independent reality ‘lies at the base of the pragmatist notion of truth’ (James 1908, 455). And as Radkau shows, reality was ‘a central concept for Weber’ (2009, 72) in both his life and his scholarly work. He often spoke of Wirklichkeitswissenschaft, a ‘science of reality’ (2009, 79). James and Weber were contemporaries and respected each other’s thinking, even meeting to discuss their shared interests in New York (Hennis 2000). Although Weber called part of his work ‘interpretive sociology’, he cannot be seen as ‘interpretivist’ in the non-realist constructionist, hermeneutic or post-structuralist sense that has now become common. As Freund (1972, 91) explains, ‘His intention was certainly not to assign a higher place to interpretation than to explanation’; Weber argued for considering the objectively existing ‘real’ world as well as subjective meaning-making subjective factors. He gave neither one primacy over the other.
It is the awarding of a primacy to meaning and interpretive processes that is so troubling about much contemporary ‘interpretivist’ research. Very unfortunately, its ‘subjectivist logic’ would appear to be reinforcing the tendency of mainstream organization studies to be insensitive to ‘social context’ (Üsdiken 2010, 729) – something which is the very opposite of what we are trying to achieve here with regard to entrepreneurship. Furthermore, contemporary ‘interpretivism’ too often commits what Bhaskar (1978) calls the epistemic fallacy in which ontology (what is real) is collapsed into epistemology (what we know). Instead of trying to learn about the way the social world works, ‘interpretivist’ researchers seem too ready to put their efforts into ‘understanding’ the texts, narratives, discourses and other cultural representations which might be better understood as elements of how the social world ‘works’. It is through these elements of social life that we get access to the realities with which we have to cope in our real-world practices, of course. The study of narrative, discourse and culture is therefore vital. They are factors in the shaping of reality, but too often interpretivist researchers talk of discourse, narratives and the like ‘constituting’ reality (discourses bringing organizations into being and narratives bringing identities into being, for instance) without fully recognizing the ‘socio-historical a priori’ (Luckmann 1983) which was referred to earlier. Berger and Luckmann’s (1967) The Social Construction of Reality is a study in the sociology of knowledge focusing on processes of institutionalization rather than a ‘social constructionist’ text, in the contemporary sense of that term (Watson 2008). Berger and Luckmann (1967, 58) see social institutions as ‘symbol systems’ but they insist that they are much more than subjective human constructs; they have ‘a reality of their own, a reality that confronts the individual as an external and coercive fact’.

Although I have drawn on Bhaskar’s notion of the epistemic fallacy to criticize non-realist interpretivism, I would differentiate the pragmatic realism being outlined here from the ‘critical realism’ with which Bhaskar is centrally associated (see Reed 2009 for an overview of critical realism). Both pragmatic realism and critical realism are concerned with the aspects of the social world which have a ‘being’ external to processes of human interpretation and both recognize the importance of processes of interpretation and social construction whilst refusing to settle for a post-structuralist or constructivist view of the social and organizational world as ‘constituted’ by language or discourse. Nevertheless, pragmatic realism’s non-representationalist epistemology sits uncomfortably with critical realism’s interest in uncovering or ‘revealing’ the mechanisms which connect things and events in causal sequences’ (Ackroyd and Fleetwood 2000, 15, my emphasis). Unlike critical realism, pragmatic realism does not conceive of ‘realities’ external to human interpretive processes in terms of generative or causal ‘mechanisms’, which can be ‘revealed’. To use such biological/engineering terminology, with its representationalist aspiration to reveal ‘things’ (Fleetwood 2009), is to risk committing the fallacy of misplaced concreteness (Whitehead 1929). It is to risk treating patterns of shifting relationship and meanings as solid ‘entities’. It is to risk reifying structures and cultures, with all the associated dangers of downplaying human agency.

**Emergence, ‘how things work’ and learning the ropes**

Interestingly, the notion of ‘emergence’, which we considered earlier, is embraced by both critical realists (see Archer 1995) and postmodernists (Chia 1996). Pragmatism, with its attachment to an emergent ontology has a key strength here in bringing researchers from different philosophical traditions onto common ground. What we might call a ‘third position’ is perhaps a necessity to overcome the problem that there are objectivist
(reificatory) tendencies in critical realism, on the one hand, and the subjectivist (idealistic) tendencies in interpretivism, on the other hand. Pragmatism avoids both Scylla and Charybdis by taking a non-representational realist tack: it steers clear of the rocks of underlying entities without being sucked into the quicksands of multiple texts and mental subjective states.

A pragmatist type of realism is concerned neither with deep-down generative mechanisms nor with surface level narratives, then. Its concern is with producing theories of social realities, which can inform human social practices. In effect, pragmatist social science produces accounts of ‘how things work’ in the social world – a notion that fits with the notion of ‘institutional logics’ (Watson 2013). The point of such accounts is not to take us step-by-scientific-step towards any final truths. We can say that its mission is to enable people to ‘learn the ropes’ of different social situations or practices so that they can better cope with such eventualities. These ‘ropes’ constitute the reality of the situation, in pragmatist terms. But to ‘learn the ropes’ of any kind of human activity requires one to get close to the situations in which those ropes exist. I have written at length elsewhere about the need for a great deal of more ethnography in order to improve our understanding of ‘how things work’ in the real world of practice (Watson 2011, 2012). But ethnography is not best understood as a research method in itself (Humphries and Watson 2009). The production of ethnographies, as written accounts of the cultural lives of people in particular social settings, inevitably involves field studies and close observational work. But there is no reason why such endeavours should not be accompanied by the use of interview, documentary or even survey methods. Quantitative analysis, as long as it is contextualized by field investigation, should not be excluded as a result of any assumption that the so-called ‘qualitative’ techniques are inherently superior to quantitative techniques. I would argue that there is as much scientific abuse of ‘words’ (the material of qualitative researchers) in social science research as there is of numbers (the ‘data’ of the ‘quantitative’ people).

The intersection of biography and history within society

Such a view of the social sciences and their role of the theories, which they produce in informing the practices of members of societies, were central to what Charles Wright Mills called the ‘sociological imagination’ (1970). Mills is perhaps best understood as a translator of pragmatism into a ‘philosophically informed sociological approach’ (Delanty and Strydom 2003, 284). The mission of the social sciences, he argued, should be to help people become more aware of the connection between ‘the patterns of their own lives and the course of world history’ (1970, 9). This is necessary because people do not normally define the troubles they endure in terms of ‘historical change and institutional contradiction’. He wishes to see people ‘grasp what is going on in the world, and to understand what is happening in themselves at minute points of the intersection of biography and history within society’ (1970, 14). There is clearly a commitment here to consider the interplay between agency and structure, an important feature of pragmatist thinking in general, with its potential, which Goles and Hirscheim (2000) identify, to overcome the problems of ‘paradigm incommensurability’ which tend to arise when attention is paid more to one side of the agency/structure dualism than the other.\(^3\)

How do we decide what conceptions of ‘the social’ and of ‘the human being’ to work with? Pragmatism suggests that we do not seek ‘correct’ or essentially ‘true’ conceptions or concepts, but develop ones which are most likely to be helpful to our developing knowledge about ‘how the world works’ which has the potential to inform human
practices. It is within that spirit that I pull together a set of theoretical resources that can help us study entrepreneurial aspects of social life.

**Human creativity, exchange and entrepreneurial action**

Like a great deal of economically and psychologically oriented social science, mainstream entrepreneurship studies have leaned towards a ‘rational actor’ conception of the human being. This emphasizes the ways in which human behaviour is preceded by the individuals’ goals, purposes or motives which those individuals subsequently seek to fulfil (Townley 2008). Pragmatist thinking can be seen, in part, as a reaction to the overemphasis on this aspect of human functioning. It restores balance by moving the focus away from the rational actor’s goal-based behaviour to a focus on the ways in which human beings deal with the *situations* in which they find themselves. It comes to terms with the realities of the world, as people confront them in their particular lives and social activities. This echoes our earlier emphasis on ‘getting to grips with reality’.

**Situated creativity**

Joas (1996, 129), perhaps the key European pragmatist thinker, develops the classical pragmatist insight that ‘all human action is caught in the tension between unreflected habitual action and acts of creativity’. He brings the notion of creativity to the centre of our understanding of all human activities that go beyond the habitual. ‘Creativity’, for the Pragmatist, ‘is … something which is performed within situations which call for solutions’ and this he suggests, ‘permits us to apply the idea of creativity to the full spectrum of human action’ (1996, 144). Humans continually face circumstances – new situations – as they move through life and must therefore continually create solutions to the problems arising in those circumstances. The Pragmatists, Joas concludes, understand human action as ‘situated creativity’. It is helpful in developing understandings of social action to make the assumption that human beings are creative animals. Human creativity is not unbounded, however. Its being ‘situated’ means that it will have different effects in different circumstances. Creativity is not something peculiar to entrepreneurial actors, artists, writers and the like. It emerges in human beings generally – given situations which are conducive to it. This is consonant with the approach towards entrepreneurship taken by Steyaert (2007) as well as by Johannisson (2011), who wishes to associate ‘entrepreneuring’ with ‘everyday life and not with heroic achievements’, re-establishing it as ‘a fundamental human activity, central in man’s ongoing quest of identity and meaning of life’.

Joas (1996) stresses the importance of two other characteristics of human beings and their actions. First, there is embodiment, or what he calls ‘corporeality’. This brings into our consideration the potentialities and limits of our physical bodies, feelings and emotion. Second, there is ‘sociality’ – the fact of our being social creatures. Here we see the influence of the whole range of American pragmatism-influenced associates and members of the Chicago School of Sociology and their insistence that people’s selves (Cooley 1902; Mead 1934), ‘definitions of the situation’ (Thomas 1923) and actions must always be situated within their interactions with other human beings (Blumer 1969), their institutional locations (Hughes 1942) and the ‘social worlds’ (Strauss 1978) through which they move in their life careers (Becker et al. 1961). Pragmatically, then, it is helpful to understand human beings as ‘sense-making … creatures’ who ‘in the light of how they interpret their situations … make exchanges with others to deal with their material and
emotional circumstances’ (Watson 2006, 30). A bold way of stating the proposition here about ‘exchange’ would be to say that human beings, by their very nature, have a propensity to exchange or trade.4 This propensity is always ‘channeled’ by the people’s social circumstances and the degree of a situated creativity that they bring to bear on those circumstances. We must remind ourselves at this point that pragmatism is not concerned with the ‘correctness’ or otherwise of ideas like this. Instead, I suggest, in the Pragmatist spirit, they that if we work with this kind of assumption about the ‘nature of being human’, rather than others, we will be more likely to be successful in producing socially worthwhile knowledge.

**Effectuation and entrepreneurship**

Working with a view of the human animal as a creative and emergent being who continuously exchanges with others to shape their identities and life orientations, we shall shortly move to conceptualize entrepreneurship as a socially and historically ‘situated’ manifestation of the general human propensity towards creative exchange. First, however, we must acknowledge some recent thinking on entrepreneurship which incorporates a Pragmatist element. Sarasvathy’s ‘effectuation’ thinking turns away from looking at entrepreneurial processes in the linear terms that she characterizes as the ‘causation model’ (Sarasvathy 2001, 2008). In this, the would-be entrepreneur starts with given goals and then selects the means that enable the achievement of these goals. But the ‘effectuation model’ suggests that the potential entrepreneur starts with means and then makes decisions and acts to bring about effects which these means make possible. These means fall into three categories: who the person is (characteristics, abilities, etc.), what they know (education, experiences, etc.) and whom they know (social and professional networks). Unlike ‘causal reasoning’, which ‘comes to life through careful planning subsequent execution, effectual reasoning lives and breathes execution. Plans are made and unmade and revised and recast through action and interaction with others on a daily basis’ (Sarasvathy n.d. 3).

Sarasvathy characterizes ‘entrepreneurs’ as people who operate in this way, differentiating the approach from the more linear way in which she sees other business actors – ‘managers’ in particular – operating. This, I suggest, is unfortunate. Sarasvathy (2001, 254) acknowledges as part of the ‘intellectual lineage’ of her ‘theory of effectuation’ with the ideas of the Pragmatist philosophers, Peirce (1878) and James (1912) as well as the organization and management theorists Weick (1979) and Mintzberg (1994). But she fails to recognize that these thinkers, and the pragmatists especially, see the non linear pattern as the basic one applying to human action generally. In pragmatist terms, the most helpful assumption with which to start the study of any aspect of human action is one which recognizes that, as human beings, ‘We think as we act, we act as we think’ (Watson 2006, 90). This applies to strategy-makers and managers as much as to entrepreneurial actors in the business sphere of social life. Kay (2010) has applied similar principles to economics and to human actions in the world generally with his notion of ‘obliquity’; a recognition that human purposes are not fulfilled primarily by taking a direct planned or ‘goal-based’ approach by the more indirect process of adaption and discovery. This corresponds closely with the notions of both ‘emergence’ and ‘situated creativity’ discussed earlier. Studies of entrepreneurial actions which get close to ‘what actually happens’ demonstrate very clearly the extent of serendipity (Dew 2009), accidents, changing circumstances and the unintended patterns of business growth. Sarasvathy’s own research shows this and her dissatisfaction with standard models echoes that of Gartner,
who reports that ‘When I talk to entrepreneurs, they invariably describe a series of events where their initial intentions are challenged and modified through a series of circumstances, some of which seem to be governed more by luck, than by purpose. It is difficult to model these interactions over time, if at all, since the independent variables often become the dependent variables, and vice versa’ (2010, 10). While Sarasvathy tells us that this style of reasoning and working is ‘what makes entrepreneurs entrepreneurial’, the Pragmatist would tend to say, ‘this is part of the way the social world works’. Entrepreneurial action is just one manifestation, in one sphere of the social world, of the universally applicable phenomenon of the non linearity of social action. It would, therefore, be immensely helpful to stop taking as a starting point in research ‘the entrepreneur’ as a special type of person with an intrinsic predilection to think and act in particular way. As Gartner once boldly put it ‘Who is an Entrepreneur? Is the Wrong Question’ (Gartner 1988).

Shifting the focus from ‘the entrepreneur’ to entrepreneurial action

The alternative to focusing, from the start of our studies, on the so-called entrepreneur is to examine entrepreneurship as a type of action and only then to look at the people who engage in it. It is for us to discover empirically the extent to which there exist people who live and breathe entrepreneurship or who have characteristics that mean that they could not exist in the world without continually engaging in entrepreneurial activity. It is not helpful to define such assumptions into our research from the beginning. The conceptual terminology ‘entrepreneurial action’ is favoured here partly because of its fit with Weber’s key focus on ‘social action’ and Pragmatism’s fundamental action orientation. More important, though, is the desire to emphasize that we are examining something that some people sometimes DO in the social and economic world, as opposed to trying to understand what certain ‘special’ people ‘are like’. Nevertheless, the term is more or less synonymous with entrepreneurship, ‘entrepreneuring’, ‘entrepreneurial work’ or ‘entrepreneurial endeavour’. Entrepreneurship has an attractive connotation of ‘making’ or ‘creating’; the suffix ‘ship’ goes back to the Old English ‘sceppan’ or ‘scieppan’ meaning to ‘create, form, shape’ something (Barnhart 1988, 998). As we noted earlier, entrepreneuring has the virtue of emphasizing the processual aspect of enterprising activities (Steyaert 2007) paralleling processual thinking about ‘managing’ rather than ‘management’ and ‘organizing’ rather than ‘organization’ (Weick 1979, Watson 2006).

Following the pragmatist practice of treating concepts or working definitions as adaptive devices, rather than as ‘correct’ accounts of what things ‘are’, the following conceptualization is proposed:

Entrepreneurial action is the making of adventurous, creative or innovative exchanges (or ‘deals’) between the entrepreneurial actor’s home ‘enterprise’ and other parties with which the enterprise trades.

At the heart of this way of thinking about entrepreneurial action is the notion of creative, adventurous or imaginative deal making, something that is rooted in the general propensity of human beings to exchange. In particular situations, exchanging is done by making business deals which have a particularly novel or innovative dimension to them. The level of adventurousness and novelty within such deals will, however, vary from circumstance to circumstance and from time to time. Consequently, few business moves will be totally entrepreneurial and, by the same token, a business totally lacking an entrepreneurial dimension is unlikely to be found. Entrepreneurial actions can occur
beyond the business enterprise. Entrepreneurship has clear and deep roots in thinking about business rather than in, say, military life, government administration or professional vocations. But by shifting our focus from ‘entrepreneurs’ to forms of exchange activity, we are able to recognize the role that elements of enterprising deal making play in professional, governmental and ‘social enterprise’ spheres as well as in the ‘everyday entrepreneurship’ which I have encountered in my research in enterprises including a local fishmonger/greengrocer (family) business, three pub companies and a guitar shop (another family business) (Watson, forthcoming).

Entrepreneurial action, exchange and organization

Entrepreneurial action is an organizational activity. Hence, the above conceptualization of entrepreneurial action includes the idea of the entrepreneurial actor’s ‘home enterprise’. This latter term is used to decouple the idea of the entrepreneurial actor from the idea of the business owner. Although the entrepreneurial dealmakers in a business are often its owners, it is unhelpful to allow the definition-making process to close down the possibility that the ‘creative’ force in an enterprise might come from other than its owner(s). The link between ownership and entrepreneuring is something to be investigated in research, rather than something to be taken for granted from the start.

The principle of exchange is at the heart of any enterprise, organization or corporation. The continuation into the long term of the enterprise, whether it is a large corporation or a one-person undertaking, is dependent on exchange relationships with a whole range of what are often called ‘stakeholders’ (Jones, Wicks, and Freeman 2002). The term ‘stakeholder’, however, implies a degree of emotional attachment to an enterprise of these various parties, which is rather unrealistic. There is also an implication of status or power equivalence, even a hint of ‘partnership’, in the stakeholder notion. It is more helpful, therefore, to think in resource-dependence terms (Hillman, Withers, and Collins 2009; Pfeffer and Salancik 2003) and to treat the range of suppliers, customers, employees, State authorities, media organizations and the rest as resource-dependent parties or ‘constituencies’ (Watson 2006) with which the enterprise must exchange if it is to continue into the long term (Watson 1995). However brilliant an individual might be at making ‘big’ business deals, their undertaking will soon come to grief if successful deals are not also made across the whole range of parties with whom the enterprise exchanges – from employees to suppliers and investors to newspaper reporters and government inspectors. In principle, we can look for entrepreneurial actions across the range of the managerial functions, which make deals with employee groups, suppliers or whatever. Also, it is important to note that this includes the ‘deal’ between entrepreneurial actors themselves and the enterprise of which they are a part (Watson 2003).

Further advantages of the ‘openness’ of the concept of entrepreneurial action

Another way in which this relatively open conception of entrepreneurial action avoids conceptually closing off potential avenues of investigation is with regard to the issue of the social acceptability, or otherwise, of entrepreneurial actions. It is a matter for research and systematic investigation to identify the extent to which any given entrepreneurial action involves compliance with public ideas of honesty, trustworthiness, legality, productiveness and destructiveness (Baumol 1990; Williams 2006). As Armstrong (2005, 216) puts it, entrepreneurship comes with ‘a certain quanta of crime, corruption and low cunning as natural ingredients’. In recognition of this, the conceptualization proposed here makes no
assumption about the ‘goodness’ or the ‘badness’ of entrepreneurial actions. It contemplates the possibility of out-and-out criminals acting entrepreneurially as readily as it entertains the idea of entrepreneurial actions occurring within, say, a charity dedicated to feeding and housing the victims of a natural disaster.

In the same spirit of avoiding the foreclosing of research questions by the concepts with which we work, we need to recognize that business ‘start ups’ may or may not involve anything more than minimal entrepreneurial action and, by the same token, that entrepreneurship itself may or may not involve starting a new business (cf. Davidsson 2008, 47). And, yet again, our conceptual apparatus needs to leave us sensitive to the possibility that any particular entrepreneurial operator might well only engage in entrepreneurial actions for a part of their working day or week (alongside administration, problem-solving, selling and so on). This relates to important research questions about the ways in which entrepreneurial actions are located in the division of labour at the executive level of the enterprise. We need to consider the range of possibilities here: from full ‘co-preneurship’ (Fitzgerald and Muske 2002) to a complete separation of deal-making and administrative responsibilities between business principles.

Conclusion

To the pragmatist, scholarship is a process of continuous learning and can be understood as part of the broader human process of dealing with the realities with which we have to deal in our lives. I have attempted to pull together some intellectual resources that can help us do this better with regard to entrepreneurial action – or entrepreneuring – as a distinctive type of human social action. Entrepreneurial action, I have argued, is rooted in basic human processes of exchanging and trading; processes which have been central to the way contemporary patterns of society and economy have emerged historically. Entrepreneurial action is understood as the making of adventurous, creative or innovative exchanges (or ‘deals’) between the entrepreneurial actor’s home ‘enterprise’ and other parties with which that enterprise trades. Human beings have engaged in this broad type of social action throughout history, but always in conjunction with other forms of action such as those relating to religious and family institutional logics. This important point is developed in Watson (2013) where particular emphasis is given to the relationship between entrepreneurial and organizational/administrative actions. In contemporary societies, I suggest, the tensions between the institutional logics (Friedland and Alford 1991; Thornton and Ocasio 2008) of market competition and bureaucratic administration and, hence, between entrepreneurial actions and administrative actions are especially acute. These tensions need to be handled at the global and state levels (especially in the light of recent global financial crises), at the level of every work enterprise and at the level of the lives of people who engage in entrepreneurial activities. It is argued that the ways in which, and the extent to which, individuals involve themselves in entrepreneurial activities are related to their emergent identities and life orientations. Within this, the individuals’ agency is institutionally embedded and occurs in a context of chance, serendipity, unintended consequences and effectuation. As the present article suggests, none of this can be properly analysed; however, unless we treat entrepreneurial action rather than ‘the entrepreneur’ as the focus of entrepreneurship research – something that can help us can avoid begging a whole series of other important and interesting questions about entrepreneurial endeavours. It is vital to avoid the conceptual closure brought about by assuming, from the start, that entrepreneurship is something done by an allegedly special variant of the human species, ‘the entrepreneur’.
The ideas outlined in this article are offered as a contribution to entrepreneurship studies generally. Nevertheless, as we saw earlier, some of the thinking on which I have drawn was developed by colleagues in connection with an aspiration to build a distinctively European body of entrepreneurship study. I can see the sense in this, given the fact that the dominant scientistic style of research and writing on entrepreneurship is closely associated with American, rather than European, academic institutions. It is perhaps preferable, however, to speak of a non-scientistic Euro-American approach to entrepreneurship, given that the social science and philosophical traditions upon which I have drawn upon are equally from US and European sources. Indeed, they often represent a cross-fertilization of ideas from the two continents. The American Charles Wright Mills, for example, was strongly influenced by the European Max Weber, and the European Hans Joas is a key proponent of the American Pragmatism tradition. I think, too, that we should note the growing research activities of colleagues in Asia, Africa and South America and be sensitive to the writings of the critics of postcolonial thinking (Bhabha 1994; Said 1993; Schwarz and Ray 2005). To fly the flag of any one world region, especially one with a colonial history, over any area of scholarship would be a regressive rather than a progressive move. One would hope that entrepreneurship research and scholarship could become a world activity, albeit one whose origins are largely European and American.

Whether we talk of following a European tradition or a Euro-American tradition in trying to rebalance or recontextualize entrepreneurship studies, it is instructive and dismaying to look at the experience of a now 30-year-old attempt by editors and writers of the journal Organization Studies to contribute to global thinking whilst adopting a distinctively European inspiration and identity. The aspiration here has three elements to it, all of which are similar to the criteria being advocated by the writers discussed earlier in this article: first, ‘a desire and respect for diverse theoretical perspectives and methodological approaches’; second, a concern with ‘organizations, organizing, and the organized in and between societies’ and third, the sustaining of ‘an interdisciplinary range, drawing from sociology, political science, economics and anthropology, as well as organizational studies in the management schools’ (Hinings 2010, 660). Maintaining this impetus is clearly a considerable and increasing challenge as a result of a greater than ever ‘influence or hegemony of the USA in organizational and management scholarship’ resulting from the increasing importance of business school and MBA rankings and from the growing international impact of the US Academy of Management (Hinings 2010, 662). Inspiring the American ‘mainstream’ research which results from this hegemony is the kind of scientistic work examined earlier or, as Grey puts it, ‘the dream of science as conceived of in the 1950s’, something which now ‘has been institutionalized into the career hierarchies of the US management research community’ (2010, 684). Mainstream ‘positivism and functionalism’ has consequently spread internationally and alternative European perspectives have become marginalized with, as Engwall (1997) observed earlier, European journals increasingly emulating the US journals.

Entrepreneurship studies operate in the same institutional field as organization studies, and to overemphasize the ‘non-American’ aspects of research which differs from the scientistic mainstream is to risk marginalization. Hence it is better to argue that there are powerful pragmatist, institutional and ‘sociological imagination’ alternatives to scientism and positivism within the Euro-American tradition which has been discussed here. I build upon these arguments (Watson 2013) by making particular use of ideas closely related to neo-institutionalist thinking (Greenwood et al. 2008; Scott 2008) – an increasingly influential style of thinking which exemplifies the Euro-American tradition of social science. But however one proceeds, it is vital to maintain constructive dialogue between
scholars from different traditions. As Down (2010) points out, we must come to terms with existing conflicts and differences within entrepreneurship studies but, as he argues, conversations about these do not need to lead to the outcome that ‘Only the winner’s knowledge counts’. In this, Down echoes Shotter’s call for dialogic rather than monological argument; for an ‘inclusionary dialogue in which everyone has voice’ (Shotter 1997, 96). A battle between, say, quantitative and qualitative, mainstream and critical or empiricist and interpretivist approaches would weaken the potential of academic scholarship to produce knowledge about the realities of entrepreneurial endeavours in the world. This is knowledge from which everyone can benefit.

Notes
1. Hjorth, Jones, and Gartner (2008) also write about a European ‘school’, setting out a list of possible members of this group. I must here comment that one of the individuals on this list, if I know him as well as I think I do, would immediately set about burning down any School he was enrolled into or, for that matter, would soon be scheming how to scupper any entrepreneurship vessel onto which he might be press-ganged.
2. Richard Rorty is perhaps the best-known contemporary Pragmatist philosopher. However, his ‘neo-pragmatist’ position, with its strong linguistic leanings, can be differentiated from classical pragmatism. In contrast to the classical Pragmatists, he positions himself as a non-realist.
3. Gorton (2000) has discussed this issue with regard to small business research and looks to the sociological thinking of Pierre Bourdieu to help overcome the ‘structure–agency divide’.
4. Such an argument is strongly and effectively argued by Ridley (2010). In citing this work, I feel bound to distance myself completely from his use of such an analysis to justify his vehement opposition to state involvement in economic matters.
5. An ethnographer ‘embedded’ in European conference-planning meetings, editorial boards, research committees and common rooms might readily detect the existence of a European ‘cultural cringe’ as, time and again, they hear reference to ‘top American Schools’, ‘top rated American journals’ and invitations to a ‘big American figure’ to grace a conference. Such conversations, our ethnographer will tell us, often end with colleagues asking each other, ‘Shall I see you at The Academy in August?’ That definite article before ‘Academy’ is technically correct of course. But to anyone sensitive to power-discourse effects it is very revealing. Is that not the way that ‘hegemony’ works?

References

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