Entrepreneurship in action: bringing together the individual, organizational and institutional dimensions of entrepreneurial action

Tony J. Watson*

Nottingham University Business School, Nottingham University, Nottingham NG8 1BB, UK

There is increasing recognition that entrepreneurship research needs to achieve a better balance between studying entrepreneurial activities and setting these activities in their wider context. It is important that these good intentions are realized and one way of doing this is to bring together ethnographic research with concepts from sociology and from pragmatist thinking. In this study, field research material is interwoven with a set of key concepts to ensure that balanced attention is paid to issues at the levels of the enterprising individual, the organization and societal institutions. The field research is innovative in combining depth study of several enterprises and their founders with the analysis of broader aspects of ‘entrepreneurship in society’. It achieves this through a process of ‘everyday ethnographic’ observation, reading, conversation and ongoing analysis. In the spirit of a pragmatist conception of social science, the underlying logic of entrepreneurial action is identified. This is a logic which needs to be appreciated by all of those who wish to understand and/or engage with the entrepreneurial dimension of contemporary social and economic life.

Keywords: entrepreneurship; entrepreneurial action; ethnography; situated creativity; effectuation; institutional logics

1. Introduction

The main purpose of this study was to heed and follow up both empirically and theoretically the exhortations which have been made by various scholars to produce better ‘contextualized’ and/or less scientistic entrepreneurship research – research which is not based on the positivistic assumption that social issues can be studied and dealt with by the application of hard physics-like science which proceeds stage-by-stage through processes of hypothesis formation, operationalization and statistical testing towards an eventual complete understanding of social phenomena. A number of issues which arise here were considered in a special issue of Entrepreneurship and Regional Development (2013) which took at its starting pointing the advocacy of a distinctly European style of contextualized entrepreneurship research (Hjorth, Jones, and Gartner 2008). This echoed points made about the importance of context by Shane (2008) in his critique of various ‘busted myths and key realities’ of entrepreneurship and by Zahra’s complaint that ‘few entrepreneurship papers give us enough clues about the nature of their research settings’ (2007, 445). Welter has since taken up this theme pointing out that ‘[a]though entrepreneurship research has made progress in acknowledging context, this specifically applies to contextualising theory, less to theorising context’ (2011, 175). Whilst Welter embraces Davidsson’s (2008) invaluable notion of entrepreneurship as a societal

*Email: tony.watson@nottingham.ac.uk

© 2013 Taylor & Francis
phenomenon, he creates a considerable problem for the empirical researcher, especially if they are sociologically trained, by putting this ‘societal context’ alongside a ‘diversity’ of other contexts, including the ‘social’, the ‘historical’, the ‘household and family’ and the ‘institutional’.

A literature to which we might turn to find contributions which take a more integrated approach to ‘context’ is that of the sociology of entrepreneurship. Thornton in her 1999 review of this field noted that a focus on ‘the individual traits of entrepreneurs’ had been ‘until recently’ the dominant school of research on entrepreneurship (1999, 19). When it comes to thinking outside of academic research, however (a significant concern of the present research), Thornton et al. observe that the ‘popular perception’ of entrepreneurship ‘is of a heroic individual or an economically successful firm’ (2010, 113). Returning to academic thinking, progress was observed in their 2007 overview of the sociology of entrepreneurship by Ruef and Lounsbury and they note the various ways in which the sociology of entrepreneurship has ‘gone beyond the concerns of the psychologists and economists’, particularly by targeting ‘levels of analysis above the individual entrepreneur’ (2007, 2). However, they see a lack of intellectual cohesion and ‘little agreement’ on ‘a common sociological conception of entrepreneurship’ (2007, 2). They also call the subfield ‘narrow’ and argue that a key problem here is its focus on the creation of ‘new formal organizations’. This approach has long been advocated in mainstream entrepreneurship research by Gartner (1988) and Aldrich observes that such an approach is ‘in keeping with the way sociological research on entrepreneurship is characteristically framed’ (2005, 452).

In my own methodological and theoretical contribution to the Entrepreneurship and Regional Development debate about contextualization, referred to earlier, I suggested that the application to entrepreneurship of a pragmatism-based ‘sociological imagination’ would necessarily mean breaking out of this narrow focus on organization foundation or business creation (cf. Davidsson 2008, 47). The sociological imagination, I argued, encourages us to adopt a much wider focus and see ‘entrepreneurial action’ as a key and widely existing feature of the ‘how things work in the social world’ (Watson 2013). This study is rooted in this principle. And it is offered as a contribution to the shift in focus, content and methods of entrepreneurship research called for by Wiklund et al. (2011) and to the process of ‘creative reconstruction’ of entrepreneurship studies advocated by Zahra and Wright (2011). Such a reconstruction would, say Zahra and Wright, entail ‘reframing the field’ rather than ‘simply filling existing and known research gaps and voids’ (a key feature of what I earlier called ‘scientism’ (2011, 4). Among other shifts, there needs to be fuller recognition of the multiple dimensions of entrepreneurial activities and the importance of examining context. These are central concerns of the present research.

I shall next discuss the creative interplay between theoretical and empirical endeavour which characterizes this study and its concern to achieve a tightly integrated analysis of entrepreneurship in its wider setting. The basic framework which has both contributed to and emerged from this process – and which gives structure to the article itself – identifies and empirically grounds four dimensions of entrepreneurial action. First, the notion of entrepreneurial action itself is further developed; second, attention is paid to the individual or personal dimension of entrepreneurial action; third, the organization and societal/institutional dimension are looked at and, fourth, the non-linear ‘effectuation’ thinking discussed in the earlier paper is revisited. Finally, the tight links which exist between these four dimensions of entrepreneurial action are empirically grounded with a mini-ethnographic account of an emerging and entrepreneurially oriented small business.
2. Everyday ethnography, everyday entrepreneurship and the cultivation of theory

To understand better ‘what actually happens’ in an aspect of human activity like entrepreneurship, there are obvious and significant advantages in the researcher going into that field themselves and closely observing the actions, meanings, artefacts and outcomes which constitute the field. Such observations, when combined with conversations and interviews and the perusal of documentary and sometimes survey material, make it possible to produce ethnographies, accounts of the cultural lives of people in particular settings. Ethnography is not a method in itself. It is just one possible product of field research methods (Humphreys and Watson 2009). However, it is tempting to characterize the research methods informing the present article as ‘everyday ethnography’. Such an appellation feels appropriate given that I have, over a decade or two, in addition to studying several enterprises and entrepreneurial actors in depth, self-consciously acted as an ‘everyday’ participant observer in my own society and economy where entrepreneurial actions and issues, or talk and writing about them, arise more or less daily. Just as a novelist intending to write a novel about crime and punishment might take note of every occasion when such matters come to their attention in their daily life, so I have noted every hint of entrepreneurial activity that I have observed around me as I have gone about my shopping in the high street, spent days observing and talking about what is going on in a selection of small to medium businesses, read newspapers and watched television, discussed entrepreneurship teaching and writing with academic colleagues, engaged in development work with small business owners and managers, attended entrepreneurship talks and events, discussed career possibilities with my students and so on and so on.

These research experiences have persuaded me that entrepreneurial activity can be seen occurring around us, if not exactly every day then a great deal more often than the hyperbole of the ‘entrepreneurial hero’ or the myth of the ‘entrepreneur as visionary’ (Read et al. 2010; Watson 2012b) might suggest. I have also been persuaded that it is unhelpful to see entrepreneurship solely as a matter of starting new businesses and that it is even less helpful to treat as ‘entrepreneurs’ everyone who runs their own business. What is likely to be more relevant to our understanding of business and other enterprises is to work with a concept of entrepreneurship as a particular type of human activity. I have seen entrepreneurial action in play as a pub owner here, a small builder there and a shopkeeper over there acts creatively or imaginatively to devise deals with customers, employees and others, sometimes to create or expand a businesses, sometimes to keep a businesses afloat.

In light of this, and having spoken of ‘everyday ethnography’, I find it helpful to talk of ‘everyday entrepreneurship’. This is not because it literally happens every day in every high street and business park but because it is part of the mundane quotidian, day-to-day functioning of our society (Bennett and Watson 2002; de Certeau 1984; Felski 1999). As Johannisson suggests, we understand entrepreneurship better if we associate it with ‘everyday life and not with heroic achievements’ (2009).

The most obvious claim that one can make for field research is that the theory which is produced from it is very much grounded, as opposed to being created at a computer terminal or in the cosy parlour of the notorious armchair theorist. The procedures I have followed are not, however, those of ‘grounded theory’ (Glaser and Strauss 1967; Strauss and Corbin 1997). ‘Theory’ in this tradition is primarily an outcome of ‘data’. In spite of the call for a move away from ‘inductive to iterative grounded theory’ (Orton 1997), this has been reiterated by one of grounded theory’s original advocates in emphasizing that the grounded theory researcher has to wait patiently for ‘conceptual sense-making to emerge from the data’ (Glaser 1999, 838; my emphases). The approach adopted for this research is
one in which the researcher approaches the field equipped with the bank of conceptual resources which they have built up through their social science education and subsequent research work and have added to, refined and selected from in order to shape and reshape a conceptual apparatus which makes theoretical sense of the research puzzles arising in the fieldwork – as well as leading to generalizations about ‘how things work’ (Watson 2011) in the setting being studied. On the basis of their review of ethnographers’ theorizing, Puddephat argues that effective ethnography does not come from the execution of ‘prescribed methodological procedures’, but from ‘the unrelenting cultivation of theoretical ideas’ (2009, i). It is such a ‘cultivation of ideas’ in the setting of entrepreneurial activities that have led to the writing of this article.

Within an ethnographic style of social science, one combines reporting ‘from the field’ with the cultivation of theory, all the time seeking interplay between the two. This is not a matter of presenting ‘data’ to uphold or refute carefully constructed hypotheses. Observations, insights and narratives are drawn from the fieldwork and combined with conceptual thinking to bring out the key logics operating in the field studied (the notion of ‘logic’ will be returned to later). In doing this, there is bound to be enormous selectivity on the part of the ethnographer. The sheer volume of material that arises from intensive fieldwork makes this inevitable and here, once again, the researcher has to invoke pragmatist epistemological principles and be guided throughout by the aim, and indeed the ethic, of producing an account which will be as helpful as possible as a guide to coping in the world for any reader engaging with (or thinking of engaging with) a particular aspect of the social world (Watson 2011, 2012c, 2013).1

In this spirit, I now set out the four dimensions of the theoretical scheme which has emerged. This scheme has emerged, in part, as a result of an ethnographic style of research. However, there is no reason why the whole scheme, or any one part of it, could not be utilized in research using other styles of investigation.

3. Dimension 1: Entrepreneurial action, situated creativity and the entrepreneurial actor

The pragmatist tradition produced the idea of the ‘sociological imagination’ when Mills (1970) translated philosophical pragmatism into a ‘philosophically informed sociological approach’ (Delanty and Strydom 2003, 284). The application of this style of social science imagination to entrepreneurship leads us to examine the interplay between the life circumstances of people acting entrepreneurially and broad processes of history and social change and to the societal structures and cultures by which they are shaped and which they themselves help to reshape. But, perhaps most important of all, pragmatism offers an invaluable insight to entrepreneurship studies with the concept of situated creativity (Joas 1966). This sees members of the human species as continually facing new circumstances in their lives and condition. These circumstances require them to act creatively to survive and flourish. That creativity is, however, both enabled and limited by those same circumstances. Entrepreneurial action can be seen as a category of situated creativity. To act entrepreneurially is to innovate, to deal with social and economic circumstances, with those very circumstances constraining as well as enabling the shaping of entrepreneurial actions and their outcomes.

Inspired by the notion of situated creativity, a key concept of ‘entrepreneurial action’ is proposed: the making of adventurous, creative or innovative exchanges (or ‘deals’) between entrepreneurial actors’ home ‘enterprises’ and other parties with which that enterprise trades. Entrepreneurial action, or ‘entrepreneuring’ (Steyaert 2007), is rooted in
basic human processes of exchanging and trading which have occurred since prehistory. With industrialization, bureaucratization and the growth of modern capitalism, these processes have occurred both in conjunction with and in tension with the institution of the bureaucratized modern work organization, corporate enterprise or business. Organizations are best understood as undertakings in which the controlling members follow a logic of managing exchanges between the enterprise and a whole range of resource-dependent constituencies (or ‘stakeholders’) to achieve the undertaking’s long-term survival (Watson 1995, 2001, 2006, 2012a). The people running businesses, regardless of the enterprise’s size, continually make exchanges with parties ranging from investors and customers to employees and suppliers. It follows from this that entrepreneurial actions – the making of innovative or creative exchanges – will occur across the range of organizational functions which make deals with suppliers, employees, journalists, regulatory bodies and so on. We sometimes, for example, see a human resources manager devising an innovative and even imaginative new ‘employment deal’ with their workforce and we often see a marketing manager acting entrepreneurially in helping develop and present a new product or service to customers. To think in this way considerably broadens the scope of entrepreneurship studies, treating entrepreneurial action, entrepreneurial or ‘venturing’ as something which occurs in circumstance beyond the setting up of new ventures in the shape of new organizations.  

Closely connected to this emphasis on situating entrepreneurial actions within organized enterprises is the theoretical move to replace the concept of ‘the entrepreneur’ with the concept of ‘entrepreneurial actor’. This is a considerably more significant shift than it might be immediately apparent. It involves the rejection of any notion that entrepreneurial activity is something wholly or primarily engaged in by a special category of person, ‘the entrepreneur’. The need for such a move has long been recognized (Gartner 1988, most notably) but is too rarely acted upon. The concept of the ‘entrepreneurial actor’ is considerably broader than that of ‘the entrepreneur’. Someone is an entrepreneurial actor if and when they are engaging in adventurous, creative or innovative business exchanges or deals. It may well be the case that certain individuals do this sort of thing most of their working lives. But it is vital not to allow conceptual closure by confining research to looking at such characters. To do so is to divert our eyes from the possibility that some economic actors combine, or alternate between, acting entrepreneurially and acting administratively, managerially or as corporate leaders. It also distracts attention from the way in which individuals sometimes act entrepreneurially only in very specific circumstances or act entrepreneurially together with other people in teams (the very considerable extent to which entrepreneurial action is a group phenomenon is empirically demonstrated by Ruef [2010]).

So far, the argument for adopting the concept of ‘entrepreneurial action’ rather than that of ‘the entrepreneur’ has been presented in terms of the relative openness of the former concept. This thinking is, however, also an outcome of the intensive fieldwork research described above.

3.1. Fieldwork indications of the need to replace the concept of ‘entrepreneur’ with that of entrepreneurial action

Recognizing that one can only ‘scratch the surface’ of the mass of material produced by in-depth field studies, I give an indication of the sorts of empirical observation and experience which encourages us to centre our entrepreneurship research on entrepreneurial actions, rather than entrepreneurs. My thinking here began in the course of ethnographically
studying the logic of managerial work in large corporations. As a result of that research, I recognized a need to challenge the tendency of the academic literature to distinguish between management and entrepreneurship (Watson 1995). This thought has been significantly reinforced by my work in and around smaller enterprises. But, ironically perhaps, I turn to insights relating to one of my ‘big business’ managerial informants to show just one of the numerous empirical ‘prompts’ which have pushed me even further away from the ‘entrepreneur’ concept towards the notion of entrepreneurial action.

Leonard Hilton was a senior engineering manager with whom I worked and whom I interviewed in my participant observation study in a large telephone systems business (Watson 2001). I met him again some years later after he had retired and had written an enormous private autobiography. My analysis of the life story presented in that document and followed up by a series of interviews indicates this individual’s very firm concept of himself as an industrial manager (see Watson 2009a). Yet, he writes and talks about how at one point in his managerial career he put a great deal of effort into setting up a new business. He did this because of his personal distress about a number of the highly skilled toolmakers for whom he was responsible coming to be ‘surplus to requirement’. He was conscious of a very poor labour market situation for skilled engineering workers and he therefore embarked on establishing a new business in which they could be employed. The appropriate administrative managerial action would have been to complete a redundancy process and organize a farewell party. Had Leonard ‘become’ an entrepreneur? Of course not. He retained all his managerial responsibilities and his self-identity as a manager. But, within his primarily managerial job, Leonard had acted entrepreneurially, seeking premises for the new venture, doing a deal with his own employer over surplus machines and organizing a series of deals with people who were persuaded to become customers of the new business.

It has been commented that recent scholarly research is ‘characterized by ambiguity about the content of the concepts of “entrepreneur” and “entrepreneurship”’ (Lanström 2005, 10). And when it comes to everyday talk, this problem is compounded and added to by a considerable deal of ambivalence towards ‘entrepreneurs’. Table 1 samples relatively neutral answers that I have received when asking previously unknown fieldwork informants about the meaning to them of the words entrepreneurship or entrepreneur. I call these answers relatively neutral because they each (and especially the fourth one) have a hint of evaluation in them. In Table 2, however, it is clear that the terms entrepreneur and

<table>
<thead>
<tr>
<th>Respondent and setting</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBA student in a conversation during a rail journey</td>
<td>‘Entrepreneurs are people who have made a fortune by doing big and bold business things’</td>
</tr>
<tr>
<td>The school leaver child of a neighbour, discussing university management studies courses and a subsequent business career</td>
<td>‘Entrepreneurs are people who can invent things and can also make a go of getting big profits from what they have invented’</td>
</tr>
<tr>
<td>Owner/founder of a food supply business in a public house conversation</td>
<td>‘Entrepreneurship is about making deals all the time, you know, buying low and selling high’</td>
</tr>
<tr>
<td>A health service accountant in a conversation in a dentist’s waiting room</td>
<td>‘Entrepreneurs are the big beasts of the business world – the celebrity business people if you like. It’s people like Richard Branson or that Sir Alan – sorry, Lord bloody Sugar bloke’</td>
</tr>
</tbody>
</table>
entrepreneurship are pejorative ones for the respondents. We can note here, as in the previous table and in my collection of responses as a whole, that three quarters of the utterances refer to the more individualistic notion of ‘the entrepreneur’ rather than to the broader notion of ‘entrepreneurship’.

The statements sampled in Tables 1 and 2 reflected personal values and experiences of these various informants but they are also inevitably informed by what is read, viewed and listened to in the entertainment and news communication media (Nicholson and Anderson 2005). In the newspaper-reading element of my everyday ethnographic endeavours (primarily a local newspaper and the Observer and Guardian newspapers), I observed a confused and confusing use of the notion of the entrepreneur. We should note that these are not the most sensationalist or celebrity-focused newspapers published. Yet, it seems that the term entrepreneur is primarily used in them to refer to especially colourful business people. The term is often used interchangeably with ‘tycoon’, ‘mogul’, ‘wealthy business woman’, ‘oligarch’ and the like. It sometimes refers to inventors and sometimes to innovators in fields varying from gardening and cookery to entertainment. One thus sees ‘bus entrepreneur’, ‘cookery entrepreneur’ and on one occasion, ‘natural rubber entrepreneur’ (Siegle 2010). A clear illustration of the general lack of specificity or consistency in the use of language was a press story which explained how Experian, ‘the massive data analysis company’ had built up a database of ‘nearly half a million entrepreneurs’. And what constitutes an entrepreneur for this very influential business? Entrepreneurs here are people working as ‘company directors, partners in professional practices and sole traders’ (Kelly 2010). Such a diverse category can be of no use to a

<table>
<thead>
<tr>
<th>Respondent and setting</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>An election-time canvasser for a political party engaged in conversation, as politicians like to put it, ‘on the doorstep’</td>
<td>‘Entrepreneurs are the life blood of our economy. If we don’t have people setting up new businesses and taking risks, there’s no way we are going to get economic growth. Entrepreneurs should be an inspiration to the rest of us’</td>
</tr>
<tr>
<td>A retired man in a conversation at a table adjacent to the business books section at a local library</td>
<td>‘They are what we used to call spivs, aren’t they, these entrepreneurs – sort of thing. They use this fancy word to cover up the way they sort of “get hold of a lorry load of really good perfume”, or something. They are small people who like to make out they’re something more than they are’</td>
</tr>
<tr>
<td>An owner–manager of a medium-sized ‘communications consultancy’ met at a university alumnus social event</td>
<td>‘Entrepreneurship is all nonsense. I can’t stand this putting certain business people on a pedestal. They go on about them being especially successful businessmen. But they don’t tell us about the business failures in their careers do they? Or, or let’s say, how they treat people’</td>
</tr>
<tr>
<td>A participant in a ‘strategic thinking in small businesses’ executive development work shop, in response to the presenter’s asking delegates for their views about the relationship between entrepreneurship and business strategies</td>
<td>‘I think of Russian entrepreneurs; tycoons is the same thing – buying everything up, businesses and that, and taking London over’</td>
</tr>
</tbody>
</table>
serious researcher interested in enterprising or innovative aspects of business activity or on matters of business policy in a democracy where an informative and trustworthy press is a vital element of public life.

4. Dimension 2: Identity work and emergent life orientations

I have argued that a move away from a conceptual focus on entrepreneurs is required to get a full appreciation how ‘entrepreneurship works’. This apparent drawing of attention away from individuals does not mean moving to an equally one-sided macro or systems perspective. The sociological imagination requires us to pay close attention to individuals and their organizations but always setting individual’s lives and experiences in their broader institutional, historical and societal setting. At the heart of Mills’ pragmatist-inspired conception of the sociological imagination is a call to social scientists to help members of society to ‘understand what is happening in themselves at minute points of the intersection of biography and history within society’ (1970, 14). There is no difficulty, therefore, in maintaining our focus on entrepreneurial action whilst examining the lives and activities of the individuals who engage in such actions. We simply treat these people conceptually as ‘entrepreneurial actors’ and, insofar as we want to look closely at individuals within entrepreneurial processes, we do not seek out ‘entrepreneurs’ (as ‘special’ people for whom business venturing is a way of life) but pay attention to people who engage in entrepreneurial actions to a greater and lesser extent at particular times.

The concept of identity – the notion of who an individual is, in relation to others – is increasingly being used in organization and management studies to relate individual lives to organizational and social contexts (Alvesson, Ashcraft, and Thomas 2008; Ybema et al. 2009). Within this, an especially helpful concept is that of identity work (Sveningsson and Alvesson 2003, Watson 2008). This is an ongoing day-to-day process in people’s lives. But we can tie this into an interest in biographies by also using the concept of emergent life orientation. These are the biographical ‘patterns’ which emerge within identity work processes as they unfold over a person’s lifetime. Table 3 defines these two concepts.

These two concepts help us relate the life situations of entrepreneurial actors or potential entrepreneurial actors to the work-related actions in which they engage. They can also be applied to the people with whom entrepreneurial actors exchange. Entrepreneurial actors develop their conceptions of self and their life projects as part of the process of making exchanges with customers or clients whose lives and identities are in some way changed by their entering this exchange (Fletcher and Watson 2006, 2007). The interpretations which entrepreneurial actors (and indeed people with whom they trade) Table 3. The concepts of identity work and emergent life orientations.

<table>
<thead>
<tr>
<th>Identity work</th>
<th>Emergent life orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The mutually constitutive processes whereby people strive to shape a</td>
<td>The meanings attached by an individual at a particular stage of their life to their personal and social circumstances; meanings which predispose them to act in particular ways with regard to their future, including their relationship to work and consumption</td>
</tr>
<tr>
<td>relatively coherent and distinctive notion of personal self-identity and struggle to come to terms with and, within limits, to influence the various social identities which pertain to them in the various milieux in which they live their lives</td>
<td></td>
</tr>
<tr>
<td><strong>Table 3. The concepts of identity work and emergent life orientations.</strong></td>
<td><strong>Table 3. The concepts of identity work and emergent life orientations.</strong></td>
</tr>
</tbody>
</table>
make of ‘who they are’ as unique individuals in the light of their past and their present life situations are powerfully influenced by both very broad and very specific cultural and discursive factors. Among these are the discursively available ‘social identities’ or personas that the individual sees in the culture around them (Watson 2008) and which they may decide to emulate or avoid. Each of us draws on these as elements of their notion of ‘who they are’. This influences how they think about their ‘self’ as well as how they present themselves to other people. Some of these – from ‘spiv’ to ‘business hero’ – were identified earlier and exhibited in Tables 2 and 3.

4.1. Fieldwork instances of identity work and emergent life orientations

In the everyday ethnographer part of my research role, I observed a variety of ways in which entrepreneurship educators, business advisors and state promoters of enterprise have attempted to influence the identity work and orientations of their students/clients. Within this there was a primary, almost exclusive, emphasis on encouraging people to set up their own businesses – with the common underlying theme that this would lead to personal fulfilment and some kind of mystical ‘living the dream’. Much of this effort was characterized by the mixing of everyday practicalities (especially obtaining money from banks and investors and writing business plans) with invoking of the names of business celebrities. When I observed the introductory entrepreneurship lectures of a number of different university teachers I noted that with only one exception the image of Richard Branson appeared on the projector screen (often alongside Anita Roddick, perhaps to tune into the ongoing identity work of women students, or perhaps to appeal to student idealism).

A student said to me after one of these lectures, ‘It’s just like in the last entrepreneurship module – you’re looking at these famous grinning faces in the first lecture and next week you are hearing about some spotty graduate whose persistence once got him a bank loan so that he could sell more of this funny striped ice cream that he had invented’. She went on, ‘I am a finance person at heart and, I must tell you that I do not see my future either ballooning around the world or dreaming about being a rich stripy ice cream merchant’. Jean’s self-identity and her career orientations were no more touched by this style of entrepreneurship education than was an informant who came back from shopping at the local supermarket having been handed a brochure on ‘running your own business’ by a ‘business advisor’ standing by the checkout. Alongside advice on ‘business planning’ in the brochure were small case studies of people who had, for example, ‘come up with a mouth-watering idea’ for a business delivering ‘organic and non organic fruit and vegetable boxes right to your door’ or who had, as a ‘working mum’, started a business ‘creating and designing one off ceramic gift and keepsakes’. ‘I can relate to these stories’, said Heather, ‘some of these people are in circumstances very similar to my own’. But, she went on, ‘Look at the gift that was being given out with the brochure’. It was a book, Business stripped bare: adventures of a global entrepreneur. Its author was, of course, Branson (2009). ‘This is totally irrelevant to me or my circumstances. These Business Link people do seem a bit mixed up – as if shoppers in Sainsburys are going to be inspired by that bloke.’

I have chosen these ethnographic instances to bring out the cultural setting (and ambiguities within this context) of attempts to influence the identity work and orientations of potential makers of new businesses. In each case, there was an apparent failure to touch the identities or shift the orientations of my informants. In the cases where I did see people shift their life and work orientations, it was much more to do with people coming to terms with changing material circumstances in their lives. Bill and Mary, for example, were
made redundant (one compulsorily and one voluntarily) from a large local business, a firm with which they both had identified since leaving school. This happened at a time when their children had left home and, after the firm’s redundancy counsellor had put them in touch with Business Link, they set up a specialist travel business. Mary explained, ‘We were always travel oriented people but not inclined to work for ourselves. You could say we are different people now. We dress differently, Bill has longer hair, we employ people... we bring home less money. We are OK’. I wondered if there might be mention of ‘dreams coming true’ but this did not happen. The ‘living the dream’ trope was not relevant to their identities or their life orientations, it seemed. More important, I would judge, was the idea that they were making a living and travelling the world more – something that would not have happened if local and national circumstances had not pushed them out of their work orientations as loyal employees.

The key insight here, I suggest, is that there is a close connection between identity work, emergent life orientations, entrepreneurial engagement and people’s ‘pre-entrepreneurial’ life and work circumstances. And we now turn to the third dimension of the theoretical scheme, moving up more fully to the societal or institutional aspects of entrepreneurship.

5. Dimension 3: Institutional logics, entrepreneurial and administrative action

It is vital to recognize that people’s identities, emergent orientations and entrepreneurial actions are embedded within prevailing institutional logics; they emerge from the interplay between individual agency and institutional structures (Lok 2010). One of the most constructive ways in which social change can be understood theoretically is in terms of the working out of tensions and contradictions between different institutional logics prevailing in societies (Alford and Friedland 1985; Friedland and Alford 1991; Thornton and Ocasio 1999). Building on the conceptual work of these authors, I conceptualize institutional logics as the sets of values, rules, assumptions and practices associated with the key institutions of a society (such as the family, the market, politics, religion and bureaucratic administration) which have been socially constructed over time and through which patterns of social organization and human activity are shaped and given meaning.

Returning to the pragmatism-inspired language I have used throughout this article, I would say that these are the logics, at the societal level, of ‘how the social world works’. At the field level, institutional logics can be seen, as Jackall puts it in his study of managers in modern corporations, as ‘the way a particular social world works’ (1988, 112).

It is within this framework that we can understand the modern business organizations which emerged in the eighteenth and nineteenth century Europe as incorporating two contradictory societal-level institutional logics: the institutional logic of competitive market exchange and the institutional logic of bureaucratic administration. Other logics such as that of the family and religion play their part in this but it is the market and the administrative logics which are critical. People managing organizations not only have to deal with a mix of market and administrative principles but also must handle the tensions or contradictions which exist between them. In practice, managing a business requires constantly striving for a working balance between entrepreneurial actions and administrative actions, in the constantly changing circumstances of the ‘essentially dynamic’ competitive logic that characterizes the ‘logic of industrial capitalism’ and, hence, the ‘logic of corporate management’ (Watson 2012a). This is, however, only ever a temporary balance: the tension between the two principles forces a constant process of change.
In the contemporary world, businesses and social enterprises alike have to cope with the increasingly intensifying pressures of global competition for resources and custom. This presses them to innovate and devise new exchange relationships, this, in turn, pressing owners, leader and managers to act entrepreneurially. Yet for the enterprise to maintain legitimacy and maintain levels of trust with and commitment from key constituencies such as employees, it has to retain a level of stability, trust and predictability in exchange relations – a stability that can readily be undermined by too high a level of entrepreneurial innovation. In every organization, then, there must be both entrepreneurial and administrative action within its overall management. And the tension between the two must be managed to avoid the tensions between them, illustrated in Table 4, becoming destructive.

These tensions (again, I stress, in conjunction with pressures and opportunities arising from other institutional spheres like family, religion and the state) have been critical ones in the processes of social change that have brought about the modern type of industrial and capitalist political economies. Hence, we see Weber in the early twentieth century (alongside his associate and sometimes ally Joseph Schumpeter) and Mills in the mid-twentieth century taking an interest in entrepreneurial social actors because of their significance for the way the societies of their time were changing. Weber believed that vigorous entrepreneurial activity could act as an important counter to tendencies towards the negative aspects of the bureaucratization of life in early twentieth century Germany (Radkau 2009). Mills’ corresponding concern was about the rise of large corporations and the control of society by a ‘power elite’ in later twentieth century America. Such corporations were replacing the ‘small entrepreneurs’ which he believed had previously had a ‘real part to play in the equilibrium of power’ in American society (Mills 1956, 260).

### 5.1. Fieldwork instances of the coexistence of entrepreneurial and administrative action within organizations

Particularly significant in pushing me towards a recognition, not just that entrepreneurial and administrative actions can operate alongside each other in the same organization, but that they may be engaged in by the same individual has been the many hours spent in conversations, over many years, with the very successful businessman, manager and publically labelled ‘bus and coach entrepreneur’, Bob Dunn. Those conversations have as often been about matters of management learning, marketing, human resource management, commitment building, strategy making and stakeholder relationships as they were about business creation and growth. All of these activities are examined in Dunn’s book – a cross between a personal (and strongly family oriented) autobiography
and a management textbook (Dunn 2009). Although the book is presented within the 
standard popular discourse of building one’s dream business (in spite of some cruel teasing 
from me, he titled it ‘Driving the Dream’), the book’s content is an impressive account of 
the switching back and forth that occurs between entrepreneurial and managerial/
administrative action in the building of a business. The account in the later part of the book 
of Bob Dunn’s painful experiences when working within the large corporate business to 
which he sold his own business (for £10 million) illustrates how considerable the tensions 
between corporate and entrepreneurial logics can become.

At the smaller end of the business spectrum, my everyday ethnographer’s eye has 
regularly been caught by the way Skillums, a local fishmonger and greengrocer business, 
founded in the early years of the twentieth century, has benefitted from the modest but 
effective entrepreneurial actions of the younger family members who, in the early years of 
the present century, took control of the business. Here, indeed was ‘everyday 
entrepreneurship’ (without any element of business start-up, we might note). The deal 
which customers were offered by the new regime centred on the experience of visiting a 
modernized open-fronted shop and be offered newly caught fish, advice on how to cook 
fish, greengroceries from local named suppliers together with honey, jam and the like 
presented in this appealing manner. New co-promotional deals were struck with local 
farms and other suppliers and, most important to many customers, deals were made with 
fishermen in (inevitably) distant coastal towns to supply extremely quickly the best of 
what they could catch across a range of varieties. This latter development potentially 
clashed with the logic of the smooth administration of a retailing business in which the 
customer always ‘know what they can get’ when they visit a shop. To deal with this, the 
already established Skillums website is being developed to include a ‘catch of the day’ 
feature which enables the customer to check daily what is available. This service will 
replicate, to an extent, the traditional experience of visiting an old quayside fish shop. It 
will also, most importantly, help a small family business survive in a town which has to 
face the competition of two large supermarkets with fish counters. The entrepreneurial 
activities seen in Skillums are clearly related to a logic of competitive markets. But that is 
not the whole story. The identity work and emergent life orientations of the brothers 
running the business are equally relevant; they wish to make their living in a family 
business and maintain the family name in the town in which they grew up.

6. Dimension 4: Effectuation and emergence

For some time, thinkers in management, organization and business strategy studies have 
been questioning the mainstream linear view of how organizations come into being and 
develop. The alternative ‘emergence’ perspective recognizes that, in practice, motives do 
not necessarily precede behaviours, strategies do not necessarily precede implementation 
and goals do not necessarily precede actions (Kay 2010; Mintzberg 1994; Weick 1979; 
Author 2006). This thinking has now been brought into entrepreneurship studies with the 
pragmatist-inspired research and thinking initiated by Sarasvathy (2001, 2008) with its key 
concept of effectuation. A serial or ‘causation model’ sees entrepreneurial activity 
beginning with goals (or, more popularly, dreams’), in the case of business start-ups). 
Means are then sought to achieve those goals or fulfil those dreams. However, close 
examination of what actually happens within entrepreneurial processes suggests that 
entrepreneurial actors begin with the means available to them. They then act so as to bring 
about effects which these means make possible. The ‘means’ here 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).

Although the authors of the ‘effectual entrepreneurship’ textbook (Read et al. 2010) regularly refer to ‘expert entrepreneurs’, they make it clear that effectuation principles apply to ‘new ventures’ whether these are done ‘for profit’ and whether they are undertaken individually or within existing organizations (2011, x). This makes their insights compatible with the present theoretical scheme and its focus on ‘entrepreneurial action’ (a term which, indeed, these authors use too). But making the link even stronger between effectuation thinking and the present scheme is the effectuation writers’ strongly pragmatist use of the term ‘logic’. They effectively say that ‘this is the way the world works’ with regard to entrepreneurship. They talk of ‘a common logic we have observed . . . across industries, geographies and time’ (2011, ix) and they are unequivocal in their claim that their reader will benefit in a practical way by applying the logic that they identify. They advise the entrepreneurial actor not to focus on opportunities but, from the start, to use what ‘you have available’ in terms of who you are, what you know and who you know; ‘embrace surprises that arise from uncertain situation’; ‘remain flexible rather than tethered to existing goals’ and to form partnerships with appropriate ‘people and organizations’. This logic is one that I have identified repeatedly in my own fieldwork.

6.1. Fieldwork instances of effectuation and emergence in entrepreneurship

The Skillums fish and greengrocery business discussed above provides a clear illustration of effectuation processes. At the stage of taking over the business from the retiring older generation, the brothers reviewed ‘who they were’ and concluded that they wished to remain members of a respected local family firm. They identified ‘what they knew’ and, at the heart of this, was their technical skill in handling the product (especially preparing fish), their growing awareness of alternative types of fish that might be introduced and the cooking knowledge that they could pass on to customers. They knew that they had effectively ‘learned the ropes’ of buying, selling and shop-keeping from the previous generation. And when it came to ‘who they knew’, there was a whole network of contacts, in the locality and at the coast, whom they could cultivate to provide a wider range of goods and, especially, fresher fish than the supermarkets could offer. A friend with information technology knowledge was and is important for the website innovations which they made and will continue to develop. The surprise and serendipity aspect of effectuation can be illustrated with a development that is unfolding at the time of writing. Marcus, a local chef whom the brothers knew as a customer found himself without a job at the same time as a key employee with fish handling skills, decided to leave Skillums to become a publican. The arrival of Marcus in the shop has prompted me (acting as a participant–observer everyday ethnographer!) to float the idea with the brothers that having Marcus ‘on board’ could make it possible for a Skillum’s fish restaurant to be opened. I have been told to ‘watch out for developments’.

My theoretical embracing of the effectuation notion has been especially strongly prompted by my close studies of a ‘law factory’ business and a pubs and brewing business. In the first case, Ewan Scott transformed a small local solicitor’s practice in which he worked into a multi-million pound business after it ‘had dawned upon me’ that combining his legal knowledge with his personal flair for computing and information technology could offer the public an almost entirely new kind of deal in the legal services (and, later, insurance) field. With Christopher Mycroft, his similarly successful small and medium-sized business enterprise (SME) emerged out of a single public house as he combined the
business and economics training he had acquired in a previous career with a knowledge of beer that he had built up over the years as a beer hobbyist and campaigner for ‘real ale’. That hobby background also provided Mycroft with a rich network of ‘who you know’ contacts. And the success of the business’s first public house was in part the result of the willingness of his mother to be the pub’s cook. She continues to be an investor in the much larger business and to provide shrewd advice to her son and his business colleagues.

With this mention of Betty Mycroft as a ‘means’ within the logic of effectual entrepreneurship, I conclude the process of drawing upon small ethnographic episodes, statements and experiences to give insights into how empirical and theoretical work has led to the distinctive approach to entrepreneurship being offered in this article. To stress the interplay that occurs between the four ‘dimensions’ which have emerged, I have provided a degree of cross-referencing between these empirical illustrations. But to do full justice to this interplay it is necessary, I feel, to provide a single case which shows how all four dimensions interactively come into play in the ‘real world’ of entrepreneurial activity.

7. Entrepreneurial action in its personal, organizational and institutional context: the emergence and progress of Pegasus Digital Graphic Solutions

Tom Campbell is one of the founders of Pegasus Digital Graphic Solutions (PDGS), and was first introduced to me as ‘a bright young entrepreneur you must talk to’. It soon became apparent that Tom was spending a great deal of his time engaging in entrepreneurial action – creatively setting up deals with customers, suppliers and associated businesses (Dimension 1). However, early in my first conversation with him, he gave an account which not only suggested his unease with the notion of ‘the entrepreneur’ but related this to certain identity work processes and the way his life orientations had shifted (Dimension 2). He told me that ‘the main thing in life for me through school and university was hockey’. He said that he loved the physical experience and the whole ‘teamwork thing’ of this activity. He would have liked to have been a professional sportsman. He claimed that he and his friend Ken Leem, another PDGS founder, had ‘sod all interest’ in starting a business. They had both done an entrepreneurship module at university but this, they both told me, seemed little more than a joke to them. They had ‘passed their coursework’ by doing a ‘ridiculous project on fruit farming or something like that’ which they ‘knocked up in a pub’. In the process of talking in this way, Tom and Ken are actually engaging in identity work and the impression they both give is that their life orientations were strongly leisure oriented. Ken insisted, however, that, unlike Tom, he recognized that he would need to make a change in his priorities once he left the university. After university, Tom failed to get any sort of job of the type he wanted and Ken failed to get a job with any of the big financial firms that he was ‘really motivated to get involved in’. So, said Ken, ‘it was a negative thing that we got involved in setting up our own business – dealing in sports gear’. The life orientations had now shifted in the light of certain ‘brute realities’ of life. But both men were at pains to emphasize that neither had, as Tom put it, ‘the big entrepreneurial drive thing’, with Ken adding, ‘we thought all that TV entrepreneur stuff was much more about cheap and nasty entertainment than about reality’.

So how did these two men end up running a very successful computer-based business, now employing ‘over twenty people’? ‘In a nutshell’, Ken explains,

We got a couple of old mates from university to work with us in the original [sporting goods] business and, one night, we sat in the office doing a sort of audit of what each of us was good at or could potentially do. The result of that was that we decided we had a combination between
us of computer skills, artistic flair, accounting and business law knowledge that could take us into something much more interesting than running shoes and boxes.

‘And’, added Tom, ‘my Dad, who was a well-off widower, died shortly after that. Hey presto I had a good pile of cash’.

So far we have seen a group of individuals with shifting emergent life orientations creatively coming to terms with their circumstances in a manner totally consistent with the effectuation logic (Dimension 4). Available means were clearly far more important than initiating ‘goals’ or entrepreneurial dreams. A mix of agency, structure and unexpected contingencies has led to unintended entrepreneurial outcomes. There is also little indication of any kind of ‘entrepreneurial identity’ (du Gay 1995) inspiring informing their identity work and their entrepreneurial actions. In fact, I witnessed something of a row between Ken and Jeremy one day when there was a discussion in the PDGS office about the then current UK election campaign. Jeremy was supporting the Conservative Party’s position that more ‘entrepreneurship’ and the setting up of numerous new businesses was ‘what the country needs’. Ken vehemently attacked this ‘market is the answer to everything’ view and spoke of its ‘irrelevance’ to his father’s work in the National Health Service and his mother’s work in education. ‘OK’, he said to me afterwards, ‘I am black and you might call me an entrepreneur. But I was utterly incensed when heard the leader of the Conservative party the other day saying that the solution to race relations problems in Britain was to set up a lot more black enterprises’. He felt strongly, he said, that the idea of ‘the entrepreneur’ was such a politically loaded notion that he wanted nothing to do with it.

This latter conversation reminds us that ‘entrepreneurship’ is not – as was acknowledged earlier – a neutral term in society at large. It relates to political philosophies and to the tensions which exist between, say, market-based and mixed-economy principles of social and economic organization. The consideration of entrepreneurial action at the level of the entrepreneurial actor and at the level of the enterprise must always be related to institutional patterns at societal and global levels (Dimension 3). This is especially relevant to the current situation of PDGS and the fact that they are experiencing tensions between their need to continue making what Tom called ‘super duper deals and licensing agreements’ and the need to both ‘strengthen our administrative and financial procedures’ and ‘get some sort of order into our dreadful and amateurish HR management practices’.

8. Conclusion

The story of PDGS is a story of an innovative and growing new business. It is also the story of the lives of several individuals. It is, at the same time, a story of how some of the basic tensions in industrial capitalist societies play themselves out in everyday organizational realities. Thus, in a very brief ‘slice of life’ in a single entrepreneurial setting, we have seen coming together entrepreneurial action, individual identity work and changing life orientations, institutional logics and processes of effectuation and organizational emergence. All of these are dimensions of the theoretical scheme which has been developed and presented here. One main purpose of the scheme has been to identify the underlying logic of entrepreneurial action and its relationship to its economic and social setting. But it also has the scope to shape research on a wide range of entrepreneurship-related topics. An immediately obvious application would be to question about how entrepreneurial actions relate not just to the two institutional logics emphasized here but also
to logics of the state, religion and especially, the family (Watson 2009b). The scheme can help us with business start-up and with entrepreneurial action within established enterprises. It can help us with studies of social enterprises and studies of businesses. It can help with matters of entrepreneurial learning and with issues of entrepreneurial disengagement or succession. It can also help us with understanding contemporary political–political developments in which the tensions between competitive markets exchange and with the need of bureaucratic administration at both the state and the organizational levels.

At the heart of all of this is the call to focus on entrepreneurial action instead of ‘entrepreneurs’. I need to say, though, that the research work reported here about ambiguity and ambivalence towards entrepreneurship pushed me very strongly at times towards completely rejecting the whole notion of entrepreneurship as a fit and viable topic for scholarly study. This was reinforced by worries about the connection between entrepreneurship and free market political ideologies (Armstrong 2005). Such a concern is echoed in the dispute between Ken and Jeremy in the PDGS case. So why, in the end, have I chosen not to argue in this way? It is because I believe that there is a dimension to human social and economic activity which is extremely worthy of study: the making of innovative, creative or adventurous exchanges in the economic and organizational dimension of social life. Such processes are worthy of study both at the scientific level of our understanding better the human social world and at the practice level of informing human personal and social choices. Pragmatism brings these two levels together.

Pragmatist philosophy encourages us to see human social activity as a process whereby human beings strive creatively to come to terms with the circumstances in which they find themselves. But we should not forget that any particular creative or innovative act may involve human cruelty as readily as it might involve kindness. It may occur in a spirit of cooperation or in a spirit of conflict. There is nothing necessarily good or necessarily bad about human creativity, any more than there is anything intrinsically good or bad about entrepreneurial activity. Entrepreneurial activities may hurt or harm the general public good, depending on the circumstance in which they occur, as Baumol (1990) powerfully observed.

Pragmatist social science attempts to identify the logic underlying any kind of human activity or institution. It seeks truthful knowledge about ‘how things work’ in social life (Watson 2011). What the receivers of that knowledge do with it is beyond the control of its creators. My writing and that of the similarly pragmatist-oriented Sarasvathy and her colleagues (Read et al. 2011) may or may not have ‘got it right’ about the logic of entrepreneurship – about ‘how entrepreneurship works’. But if a reasonably effective job has been done, then people who are opposed to entrepreneurship will be as well served by these analyses as will be those who want to pursue their own entrepreneurial ventures or are concerned with public social and economic policy.

Notes
1. The term ‘engage with’ is used to make the point that a ‘good’ piece of social science, in Pragmatist terms, can inform the actions of people regardless of their particular interests. Thus, a good appreciation of the realities of entrepreneurial action would be relevant to people ‘doing’ entrepreneurship, to policy makers, to customers, to people opposed to entrepreneurial activity and so on.
2. Gartner (1993), in particular, talks of entrepreneurship in terms of ‘organisational emergence’ and, as Lanstström (2005) observes, this view has ‘found expression’ in two important international research projects, the Entrepreneurship Research Consortium and the Global Entrepreneurship Monitor. Similar assumptions arise in the study of ‘habitual entrepreneurs’ with, as Rosa (2010, 248) points out, classifications used in this field excluding the category of
business owners who own and manage a single business and who pursue ‘considerable entrepreneurially driven diversification over many years’.

3. This is illustrated by the fact that one of the most critical scholarly works on entrepreneurship – one which is indeed sensitive to the difficulties here – indicates in its very title ‘Unmasking the Entrepreneur’ (Jones and Spicer, 2009) the difficulty scholars have with the idea that they can work without reference to the notion of ‘the entrepreneur’.

4. It is important here, as Huovinen and Pasanen (2010) point out, to distinguish between entrepreneurial teams (where the individual entrepreneurial actor is part of a group of co-venturers) and management teams (where the entrepreneurial actor works alongside others who are recruited to fulfil specific managerial functions).

5. I use the label emergent life orientations to differentiate the concept being used here from the US-applied psychology concept of LIFO or ‘life orientations’ (LIFO, 2011) and from the ‘entrepreneurial orientation’ concept and instrument introduced by Covin and Slevin (1989).

6. I do not use the term ‘administration’ here in the rather negative pejorative sense of trivial or routine ‘admin’ but more in the sense exerting managerial control – as in the usage ‘master of business administration’ (MBA).

7. The link between entrepreneurship and market logics is central to Davidsson’s notion of entrepreneurship as a societal phenomenon. This ‘consists of the competitive behaviours that drive the market process (towards more effective and efficient use of resources)’ (2008, 25).

When I talk of markets I am not using the term to imply any support for the notion of the ‘free market economy’. My usage is intended to be fully compatible with the notion of the ‘social market’.

References


