<http://www.diva-portal.org>

Preprint

This is the submitted version of a paper presented at *EURAM conference on "Innovative Management Research", Stockholm, June 2002..*

Citation for the original published paper:

Lindgren, M., Packendorff, J. (2002)

Interactive Entrepreneurship: On the Study of Innovative Social Processes

In:

N.B. When citing this work, cite the original published paper.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:kth:diva-96249>

Interactive Entrepreneurship

– On the Study of Innovative Social Processes

by

Monica Lindgren, PhD, associate professor
Stockholm School of Economics
Center for Entrepreneurship and Business Creation
Box 6501, 113 83 STOCKHOLM, SWEDEN
E-mail: monica.lindgren@hhs.se

and

Johann Packendorff, PhD, senior lecturer
Royal Institute of Technology
Dept of Industrial Economics and Organisation
100 44 STOCKHOLM, SWEDEN
E-mail: johann.packendorff@lector.kth.se

Paper submitted for the EURAM 2nd annual conference “Innovative Research in Management”, May 9-11, Stockholm, Sweden.

Abstract

While the development of mainstream entrepreneurship research has been quite successful in academic terms, the field has adopted some taken-for-granted assumptions and views hampering its further development, e.g. the polarisation between individual voluntarism and institutional determinism, the focus on single individuals, the focus on enterprise start-ups etc. Contrary to that, we propose a social constructionist epistemology in entrepreneurship research, according to which entrepreneurship is collectively organised by individuals in interaction. In this paper, two issues connected to the notion of ‘interactive entrepreneurship’ are discussed; the meaning of innovative social processes and the empirical inquiry on innovative projects.

1. Why interactive entrepreneurship?

As an academic field, entrepreneurship contains several different basic perspectives and schools. One of the founders of the field, Joseph A Schumpeter, went into disciplines such as history, economic history and sociology in his life-long development of entrepreneurship theory, and even today entrepreneurship is studied within several disciplines such as economics, sociology, economic history and anthropology (cf Swedberg, 2000). Entrepreneurship research within business studies is primarily inspired by sociological and psychological approaches, in which interest is focused on identifying and stimulating entrepreneurship (cf Aldrich, 2000, Granovetter, 1985, 2000, Saxenian, 2000 samt Kanter, 2000).

Given this multitude of scientific influences, what is actually entrepreneurship, and how does it differ from other popular areas such as creativity, management of innovation etc? One possible answer is of course to get into a debate of definitions – like the economic history view held by Schumpeter based on the claim that entrepreneurship could only be identified ex post (implying that all attempts at studying entrepreneurship before or during its emergence are unnecessary). Schumpeter's definition of entrepreneurship developed over time, however, and 1947 he found entrepreneurship in innovative acts. Routinised acts were the same thing as the day-to-day management of established operations, while innovative acts implied change and thus entrepreneurship. Schumpeter also found two personalities (not necessarily two persons) needed for the entrepreneurial act, the capitalist providing financial resources and the entrepreneur who takes his idea successfully into the market. The difference between them is that the capitalist assumes the financial risk, while the entrepreneur combines existing resources in an innovative way. Entrepreneurship can thus also be described as something dynamic, while non-entrepreneurship implies being subject to institutional and cultural forces and driven towards routine (cf also the notion developed by Bourdieu [1985] of human beings as creatures of habitus). Another 'grand definition' is provided by Van Mises (2000), who describes the practice of entrepreneurship not only in terms of technological experimentation but also as balancing between the needs of the customer and the resources available for serving the customer. These definitions are different from each other in many ways; one example is that Schumpeter's definition is more abstract and all-encompassing than Van Mises'. Of course there are also many similarities, such as entrepreneurial act is about establishing and developing businesses.

One interesting similarity between these and numerous other conceptual accounts of entrepreneurship is that the phenomenon is usually embodied into a single person, the entrepreneur. This has been an extremely influential conception in most entrepreneurship research within business studies, and perhaps even more so in society at large. As always, there are of course notable exceptions, e.g. Kanter (2000) who describes entrepreneurship in terms of intra-organisational teamwork and the entrepreneurs as corporate entrepreneurs (Kanter, 1992), intra-preneurs or idea generators (cf also Galbraith, 1982). The basic view of this literature is collectivistic by nature, i.e. that all ideas appear in social interaction between individuals who might not be able to tell who came up with the ideas or how it emerged. Ideas and innovations are usually results of discussions, meetings, arguments or other forms of social interaction, which is to say that entrepreneurship is always embedded in social structures (Granovetter, 1985). This view of entrepreneurship as a collective act that can be described in terms of trustful and committed relationships in networks is also developed by Burt (2000). Likewise, Saxenian (2000) claims that the development of Silicon Valley – often said to be one of the most entrepreneurial regions in the world – is a result of continuous networking between individuals and between companies rather than of the discontinuous independent acts of lone individuals.

Much entrepreneurship research has explicitly or implicitly a normative ambition, and that can also be found in the network-based approach. Often, the network approach means an instrumental rationalisation of social relations – friendship and other social contacts are studied as tools used by entrepreneurs in order to obtain financing and succeed with their business plans. Basically, this implies a mechanistic view of entrepreneurship as something that can be organised just as the daily operations in a firm can be organised.

This is not intended as a claim that creative organising and networking is uninteresting – on the contrary, it has been shown that social structures on different levels have a major impact on individual agency (cf Giddens, 1984, Granovetter, 1985, Kanter, 1992, 2000). But entrepreneurial processes should be studied as organic processes, as open-ended series of events in which people create/develop things together. This also means a less normative character of conclusions – it is more interesting to develop approaches and understandings of entrepreneurial processes than it is to identify traits in individual personalities and/or success

factors of individual organisations. Of course there is always the possibility to use descriptive analysis in the development of normative conclusions, but that should not be the guiding aim.

Behind the increased interest in entrepreneurship in Sweden during the last decade is a trend towards internationalisation and a widely recognised dependence on small- and medium-sized firms. While entrepreneurship in both theory and practice is a more developed phenomenon in the individualistic context of the U.S., the development in Sweden still has a long way to go. In most universities, entrepreneurship is hard to find in curricula, and the most prominent Swedish business school (SSE) did not create its centre for entrepreneurship and business creation until 2000 (the first female full professor at SSE, by the way).

In a way, entrepreneurship in theory and practice has borrowed quite a lot from disciplines such as leadership and management – despite the clear differences outlined by many leading scholars of entrepreneurship. Like the CEOs of the large corporations, entrepreneurs are individually recognised as masculine super-human leaders and heroes (jfr Holmquist, 2000, Sundin, 1995). The image conveyed is the lone, strong man who fights against conservative structures in order to make his ideas come true (Nilsson, 2002). The problem of this development is that it depicts entrepreneurship as something for a chosen few rather than as a possibility for everyone. The public images of the entrepreneurial life style of Richard Branson, Ingvar Kamprad or Jonas Birgersson usually involves a degree of commitment that is impossible for the many individuals who want to devote their energies to their families. Therefore, we need an image of entrepreneurship conveying a multitude of different ways of living and working. We thus also need to question the way entrepreneurship is operationalised in empirical inquiry (Schumpeter, 1947) and to initiate a scientific debate on the nature of entrepreneurship research (Carsrud et al, 1986). Quite often it seems that there are only weak links between theoretical concepts and the design of empirical studies – we can not always study small businesses or enterprise start-ups *à priori* without linking the theoretical concepts to the empirical subjects.

One consequence of this reasoning is that entrepreneurship should not necessarily require that a formal organisation is created. Several theatre plays can be just as innovative by generating new ways of looking at the world. One example is Swedish director Lars Norén, whose plays often turns our taken-for-granted ways of thinking about or lives upside down. Another – recently experienced – example is the Improvisation Theatre in Stockholm, where the play

emerges throughout the evening without almost any guidelines other than the basic format. And besides theatres, there are many other examples of entrepreneurship that has very little to do with the traditional notion of starting up commercial businesses in the form of formal organisation.

To summarise, we argue that entrepreneurship is not the result of what single individuals do – it is rather a consequence of collective organising, of social interaction. Moreover, entrepreneurship should be found also in other empirical contexts that commercial business start-ups. Our alternative – interactive entrepreneurship – takes these two arguments into account by focusing on entrepreneurship as innovative social interaction processes. Below, we develop these themes and outline the research methodologies and possible empirical studies resulting from them.

2. Interactive entrepreneurship – the ontology of innovative social processes

As mentioned above, there are many different approaches in entrepreneurship research – from an institutional perspective (cf Aldrich, 2000) to a voluntaristic and individual one (McLelland, 1961). One popular point of departure is evolutionary population ecology (cf Hannan & Freeman, 1986) in which a lot of interest is directed towards spontaneous changes in the economic environment and opportunity recognition. From such an institutional perspective, opportunities appear in the economic environment that some actors recognise and take advantage of, while other opportunities disappear and force actors to reconsider their operations. This is contrary to the individualistic approach, according to which entrepreneurship is the result of active individuals succeeding in bringing their innovations into the market – individuals that subjectively recognise opportunities where others only see problems. Between these two extremes, one finds a perspective in which entrepreneurship emerges in interaction between individual actors and institutional structures (cf Kanter, 2000, Granovetter, 2000), a perspective very well suited for the inquiry on entrepreneurial processes in social interaction. We therefore go on to develop a view of entrepreneurship as socially constructed (cf Berger & Luckmann, 1966, Gergen, 1985), which results in that single individuals become less important for empirical inquiry. It is more interesting to analyse how opportunities are recognised and deemed legitimate, and what it is that drives social processes forward.

By saying that entrepreneurship is an interactive process, we thus claim that entrepreneurship happens in social interaction – from initial idea generation to the construction of entrepreneurial identity. This means that it becomes impossible to talk about a single entrepreneur – rather several entrepreneurs enacting an entrepreneurial process together, not really aware of who actually formulated ideas, took the major decisions etc. Such a social constructionist view can also be seen as a development of a becoming-perspective, according to which pluralism and emancipation from given identities are central to entrepreneurship (cf Chia & King, 1998).

Contrary to the quite common view that ‘real entrepreneurs’ acquire legitimacy from living up to general expectations on what an entrepreneur is and how he should behave, we therefore claim that the entrepreneurial process is about challenging and breaking institutionalised patterns, to become de-socialised from society rather than socialised into it. Entrepreneurship in terms of emancipation from institutionalised patterns becomes the interesting subject of study, including the problem of deviating from taken-for-granted identities in society. Practically, this implies empirical studies on how ideas emerge, what ideas that are developed, what ideas are viewed as legitimate, how the interaction between actors unfold etc.

3. Interactive entrepreneurship – projects as empirical basis

Usually entrepreneurship is studied in connection to enterprise start-ups. As claimed above, enterprise start-ups are not the only form that entrepreneurship can take, even though many changes, innovations and followers emerge from business-related circumstances and problems. A usual dilemma with studying enterprise start-ups is of course that it is impossible to say which of them that will actually be viewed as ‘entrepreneurial’ after they have happened. Some claim that it is possible to study entrepreneurship that way since the business idea or the created company is always new in some way, while others describe their field as small business management where the managerial process is just as interesting as determining if the venture is successful or not.

This paper started with the argument that further development of entrepreneurship theory and practice require an epistemological re-orientation towards social constructionism. Viewing entrepreneurship as socially constructed processes implies a reduced interest in individual actors (the entrepreneurs) and newly created organisations (start-ups), since the focus will

instead be on the innovative social process in itself. This does not mean that the acting individuals or the outcome of the process is non-significant – individuality and success are usually important conceptions emerging in innovative processes – but they can not any longer be seen as manifestations of entrepreneurship. And as guiding conceptions in the social interaction of innovative processes they should also be complemented by other conceptions such as collectivity, teamwork, equality, altruism, commitment, ethics, emancipation, gender, politics etc. Empirical studies must show what is important to the (inter-)actors of innovative processes, not preconceptions on what factors that are correlated to successful enterprise start-up.

One evident problem of putting a view of entrepreneurship as innovative social processes into practical field research is to know when and where innovative processes actually happen – i.e. a similar problem to the mainstream difficulty of knowing entrepreneurs and successful firms before they are seen. Our suggestion is to focus empirical inquiry on projects intended to be entrepreneurial and/or innovative – such intentions are usually quite clearly spelled out at early stages in projects. Projects are thus seen as structured processes of social interaction intended to contribute something new to the environment from which they once emerged. One should of course be aware that the formal project period do not encapsulate the whole innovative process (idea generation often precedes the formal project, and diffusion into the environment often happens after deadline), but that is different from project to project. In the case of art projects, most of the creative work happens within the formal temporal boundaries of the project, while many other projects do not start until the whole process has been thoroughly planned.

As objects of study, projects share the advantage that they are temporary efforts to identify new ideas, get things done and work in closely coupled teams. By studying innovative projects it will also be easier to delimit the entrepreneurial processes in a practical way. Many existing operations on the market were originally developed in projects within organisations, projects that still exhibit all requisites of entrepreneurship such as new ideas, action-orientation, followers etc (see Kanter, 1992, Zahra *et al.*, 1999, Kidder 2000). When the entrepreneurial act is over, i.e. when the novelty or innovation has reached its market, the project is over and its result diffused into its permanent context for further exploitation (Ekstedt *et al.*, 1999). And in some cases, non-entrepreneurial projects are used as ‘windows of opportunity’ for radical individuals in the organisation to bring about some ‘real change’.

While the result of the project lives on, the project itself ends and the team is scattered. In fact, this happens frequently also where newly created firms are concerned (March, 1995, Wright et al, 1997). In a sense, this can be seen as a consequence of long-term development towards a ‘temporarisation’ of society:

“Many observers have noted the contemporary decay in production of thoroughgoing literary Utopias (in sharp contrast with the ferment of the 18th and 19th centuries), and their replacement by satirical or polemical versions of life in the mass society of the future (e.g., Orwell’s *1984*); what has gone unremarked is the enormous proliferation of short-term quasi-Utopias of all sorts – conferences, meetings, “task forces,” research projects, experiments, training exercises. It is as if we have traded the grand visions of social life as it might be lived for miniature societies, to which one can become committed intensively, meaningfully, satisfyingly – and impermanently.” (Miles, 1964: pp. 465)

Looking for entrepreneurial projects rather than entrepreneurial enterprise start-ups means opening up the empirical basis for entrepreneurship theory significantly. Moreover, it is not only acts formally called ‘projects’ that is of interest; entrepreneurial acts in the form of temporary sequences of action occur everywhere (cf Lindgren & Packendorff, 2002)

Besides widening the empirical basis of research on entrepreneurship by acknowledging more acts as entrepreneurial acts, this also means that more individuals are acknowledged as entrepreneurial. Entrepreneurship is essentially a masculine construction, due to the tendency of describing entrepreneurs as daring conquerors and entrepreneurship as starting up new firms. Not surprisingly, women and ethnic minorities are usually seen as marginal phenomena in the world of entrepreneurship. To be defined as an entrepreneur, the individual should possess certain (masculine) characteristics and/or start a new firm (which, as we have seen, is not the only possible way for entrepreneurial acts to materialise). To put it in a rude manner: if you look for white men doing things that white men usually do, you will find white men doing things that they usually do (s c hegemonic masculinities Collinson & Hearn, 1996). You will not find women, men and ethnic minorities involved in other forms of entrepreneurial acts, people who also bring inventions into different sorts of ‘markets’ but who do not register firms in order to do it.

A suitable methodology for studying entrepreneurial processes in the form of projects could be participant observation, where the researcher is a present observer without interfering in the social process. In addition, one might use data such as interviews in order to get an understanding of the individual participant's interpretation of the process. These data can then be subject to a narrative analysis where the story – i.e. the narratives of the participants – are re-written by the researcher in order to cover the relevant (empirically generated) events, conflicts etc that convey a straightforward understanding of the entrepreneurial process (see also Boje, 2001)

4. Conclusions

In this paper, we have argued that traditional entrepreneurship research is a result of a long historical development of definitions, concepts and methods. While this development has been quite successful in academic terms, one could say that entrepreneurship research is not really so 'entrepreneurial' anymore. The field has adopted some taken-for-granted assumptions and views hampering its further development, e.g. the polarisation between individual voluntarism and institutional determinism, the focus on single individuals, the focus on enterprise start-ups and formal organisations, the normative ambition and the search for economic motives. Contrary to that, we propose a social constructionist epistemology in entrepreneurship research, according to which entrepreneurship is collectively organised by individuals in interaction, constructing newness through cooperation, conflict and co-authorship. In this paper, we have chosen to discuss two grand issues connected to the notion of 'interactive entrepreneurship'; the meaning of innovative social processes and the empirical inquiry on innovative projects.

References

- Aldrich, H. E. (2000) *Organizations evolving*. Newbury Park: Sage.
- Berger, P. L. & Luckmann, T. (1966) *The Social Construction of Reality*. Harmondsworth: Penguin.
- Birley, S. (1985) "The Role of Networks in the Entrepreneurial Process." *Journal of Business Venturing*, Vol 1: pp. 107-117.

- Blomquist, T. & Packendorff, J. (1998) *Ekonomisk styrning för förändring: En studie av ekonomiska styrinitiativ i hälso- och sjukvården*. Studier i företagsekonomi Serie B nr 40. Umeå: Handelshögskolan vid Umeå Universitet.
- Boje, D. M. (2001) *Narrative Methods for Organizational and Communication Research*. London: Sage.
- Bourdieu, P. (1985) The genesis of the concept of habitus and field. *Sociocriticism*, Vol 2; pp. 11-24.
- Burt, R. S. (2000) "The Network Entrepreneur." In Swedberg (2000): pp. 281-307.
- Carsrud, A., Olm, K. & Eddy, G. (1986) "Entrepreneurship: Research in Quest for a Paradigm." I D.L. Sexton & R.M. Smilor (red.) *The Art and Science of Entrepreneurship*. Cambridge, Mass: Ballinger.
- Chia, R. & King, I. (1998) "The Organizational Structuring of Novelty." *Organization*, Vol. 5, No 4: pp. 461-478.
- Collinson, D. L. & Hearn, J. (1996) "Breaking the Silence: On Men, Masculinities and Managements." In D. L. Collinson & J. Hearn (eds.) *Men as Managers, Managers as Men*. London: Sage.
- Dutton, J. E. (1993) "The Making of Organizational Opportunities: An Interpretive Pathway to Organizational Change." *Research in Organizational Behavior*, Vol 15: pp. 195-226.
- Ekstedt, E., Lundin, R. A., Söderholm, A. & Wirdenius, H. (1999) *Neo-industrial Organizing: Renewal by Action and Knowledge Formation in a Project-Intensive Economy*. London: Routledge.
- Galbraith, J. (1982) "Designing the Innovating Organization." *Organizational Dynamics*, Vol 10 (Summer): pp. 5-25.
- Gergen, K. E. (1985) "The Social Constructions Movement in Modern Psychology." *American Psychologist*, Vol 40: pp. 266-275.
- Giddens, A. (1984) *The Constitution of Society*. Cambridge: Polity Press.
- Granovetter, M. (1985) "Economic Action and Social Structure: The problem of Embeddedness." *American Journal of Sociology*, Vol 91, No 3: pp. 481-510.
- Granovetter, M. (2000) "The Economic Sociology of Firms and Entrepreneurs." In Swedberg (2000): pp. 244-275
- Hannan M. T. & Freeman, J. H. (1986) "Where Do Organizational Forms Come From?" *Sociological Forum*, Vol 1: pp. 50-72.
- Holmquist, C. (2000) "Företagaren – han, hon eller de?" In B. Gandemo (ed.) *Familjeföretag och familjeföretagande*. Örebro: FSF.

- Kanter, R. M. (1992) *The Change Masters: Corporate Entrepreneurs at Work*. London: Routledge.
- Kanter, R. M. (2000) "When a Thousand Flowers Bloom: Structural, Collective, and Social Conditions for Innovation in Organization." In Swedberg (2000): pp. 167-210.
- Kidder, T. (2000) *The Soul of a New Machine*. Boston: Little, Brown and Company.
- Kupferberg, F. (1998) "Humanistic Entrepreneurship and Entrepreneurial Career Commitment." *Entrepreneurship and Regional Development*, Vol 10, No 3, pp. 171-188.
- Liechtenstein, B. M. B. & Mendenhall, M. (2002) "Non-linearity and Response-ability: Emergent Order in 21st-Century Careers." *Human Relations*, Vol 55, No 1: pp. 5-32.
- Lindgren, M. & Packendorff, J. (2002) "A Project-Based View of Entrepreneurship: Towards Action-Oriented, Seriality and Collectivity." In D. Hjorth, F. Delmar, B. Bjerke & C. Steyaert (eds.) *Entrepreneurship: New Movements* (forthcoming).
- Lundin, R. A. (2000) "Businesses in the World of Projects." In *Proceedings of the PMI Research Conference 2000*: pp 73-78. Sylva: PMI.
- Lundin, R. A. & Söderholm, A. (1995) "A Theory of the Temporary Organization." *Scandinavian Journal of Management*, Vol 11, No 4: pp. 437-455.
- March, J. G. (1995). "The Future, Disposable Organizations and the Rigidities of Imagination", *Organization*, Vol 2, No 3/4: pp. 427-440.
- McClelland, D. C. (1961) *The Achieving Society*. Princeton: Van Nostrand.
- Miles, M. B. (1964) "On Temporary Systems." In M. B. Miles (ed.) *Innovation in Education*: pp. 437-490. New York: Teachers College Press.
- Nilsson, P. (2002) "Reflexioner i IT-entreprenörens hjältespegel." I C. Holmquist & E. Sundin (eds.) *Kvinnors entreprenörskap* Stockholm: SNS(forthcoming).
- Packendorff, J. (1995) "Inquiring into the Temporary Organization: New Directions for Project Management Research." *Scandinavian Journal of Management*, Vol 11, No 4: pp. 319-333.
- Sahlin-Andersson, K. (1996) "I styrbarhetens utmarker." In I. Sahlin (ed.) *Projektets paradoxer*: pp. 118-143. Lund: Studentlitteratur.
- Saxenian, A. (2000) "The Origins and Dynamics of Production Networks in Silicon Valley." In Swedberg (2000): pp. 308-331.
- Schumpeter, J. A. (1947) *Capitalism, Socialism and Democracy*. New York: Harper.

- Sundin, E. (1995) "Kvinnors företagsamhet: En avspegling av samhället." In NUTEK B 1995:3 *Pengarna och livet: Perspektiv på kvinnors företagande*: pp. 65-86. Stockholm: NUTEK.
- Swedberg, R. (ed.) (2000) *Entrepreneurship: A Social Science View*. Oxford: Oxford University Press.
- Söderlund, J. (2000) "Temporary organizing – characteristics and control forms." In R. A. Lundin & F. Hartman (eds.) *Projects as business constituents and guiding motives*: pp. 61-74. Norwell, MA: Kluwer Academic Publishers.
- Tyre, M. J. & Orlikowski, W. J. (1994) "Windows of Opportunity: Temporal Patterns of Technological Adaptation in Organizations." *Organization Science*, Vol 5, No 1: pp. 98-118.
- Van Mises, L. (2000) "The Entrepreneur and Profit." In Swedberg (2000): pp. 89-109.
- Waddock, S. A. & Post, J. E. (1991) "Social Entrepreneurs and Catalytic Change." *Public Administration Review*, Vol 51, No 5: pp. 393-401.
- Wright, M., Robbie, K. & Ennew, C. (1997) "Venture Capitalists and Serial Entrepreneurs." *Journal of Business Venturing*, Vol 12: pp. 227-249.
- Zahra, S. A., Jennings, D. F. & Kuratko, D. F. (1999) "The Antecedents and Consequences of Firm-Level Entrepreneurship: The State of the Field." *Entrepreneurship Theory & Practice*, Vol 24, No 2: pp. 45-65.