

Reflections on the Societal Conditions for the Pervasiveness of Entrepreneurial Behavior in Western Societies

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Entrepreneurship has become an important issue in contemporary management practice and research. While there is much debate about the benefits of entrepreneurial behavior, its obvious pervasion in many areas of life remains largely unexplored. It is this persuasive power that inspired us to conceptualize entrepreneurship as a dominant institution in modern Western societies. In contrast to most institutional approaches which draw on entrepreneurial behavior for studying institutional change, our approach focuses on the societal preconditions for the dominance of entrepreneurship. We outline how entrepreneurship is manifested in ideals of modern Western societies, discourse and techniques of control and how individuals who are socialized into an entrepreneurial society, contribute to legitimize entrepreneurship and further its pervasiveness. Our analysis provides a framework for research on differences in the valuation of entrepreneurial behavior across societal settings, as well as for the study of mechanisms for the deepening of taken-for-grantedness of entrepreneurship.

Keywords: *entrepreneurship; modern actorhood; institutional theory; societal knowledge; socialization*

Every modern ideology of public life and society includes the individual as a prominent component.

(Frank, Meyer, & Miyahara 1995, p. 361)

Entrepreneurship today is widely celebrated in the media (Lounsbury & Glynn, 2001; Lounsbury & Strang, in press) and broadly recognized in academia as an important field of education and research (e.g., Fiet, 2001; Hills & Morris, 1998; Swedberg, 2000). Very often, entrepreneurial behavior is seen as highly desirable for prospering economies, and much endeavor is spent on developing entrepreneurial actors; everybody should make an effort and those who do are regarded as being able to engage in entrepreneurial activities to some degree (von Hippel, 2005). Most academic literature asserts the relevance of entrepreneurship; it provides rationales for advancing it and develops concepts for facilitating its realization, focusing on attributes of entrepreneurial actors and on conditions which further such attributes. In line with this research, we acknowledge that the relevance of entrepreneurship for resolving

problems may be real and unquestioned for practitioners; however, we argue that social sciences must not give an ontological status to entrepreneurship but need to look at the conditions for the pervasiveness of this phenomenon.

In this article we seek to shed light on this neglected issue and address the question of why entrepreneurship is regarded as both collectively relevant and positively valued and why people spend so much effort on becoming entrepreneurs.

At the center of our conceptual analysis is the argument that entrepreneurship has become an institution in modern Western societies (Meyer, Boli, & Thomas, 1989). This means that entrepreneurial behavior has acquired widespread legitimacy so that it is supported

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without questioning of its validity (Meyer & Rowan, 1977), that is, without depending anymore on proof of its proclaimed advantages. Entrepreneurship is an increasingly dominant societal-wide myth. Its celebration occurs when a rational economic activity (like entrepreneurial behavior) becomes intensively associated with shared meanings and beliefs that emerge from a specific societal context (Zilber, 2006).

Acknowledging that institutions are manifested in symbols as well as in social structures, institutional theory outlines ideals, discourses, and techniques of control as the three constitutive elements of institutions (Hasselbladh & Kallinikos, 2000). This does not answer, however, the critical question of how institutions are maintained over time (Lawrence & Suddaby, 2006; Zucker, 1977) and why people experience institutions as fact-like (Tolbert & Zucker, 1996). One of the important insights of the social constructionist¹ roots of institutional theory that addresses these issues is that individuals are socialized into a historical society with pre-given institutions (Berger & Luckmann, 1966). By acquiring societal knowledge, they actualize institutions, so that institutions persist and increase their taken-for-grantedness.

Against this background the objectives of our article are twofold. First, we explicate the institutional elements that constitute entrepreneurship as it is reflected in modern Western societies. Second, to understand how the institution persists, it is important to understand how people come to acknowledge that entrepreneurial behavior is highly desirable or even inevitable for them. We address some of the mechanisms through which individuals are familiarized with entrepreneurship, so that the entrepreneurial behavior serves to them as a quasi-natural guideline for mastering their lives.

With our analysis we strive to provide some initial answers to the question of why the conception of empowered individuals gains legitimacy over time and expands to various settings. This has been claimed (see Hwang & Powell, 2005, p. 201) but to our knowledge, to date, evidence or explanation has not been provided. Our link to institutional theory to explore this provides an alternative theoretical perspective to dominant micro and macro views and individualist and structurally determinist views in entrepreneurship research that tend to continually emphasize what entrepreneurship is and/or how it comes about. Instead, we stress the mechanisms in Western societies that culturally support (Dobbin, 1994) and reinforce the overwhelming pervasiveness and positive valuation of entrepreneurial behavior. The link to institutional theory highlights that although entrepreneurship is nonrepetitive, it invokes rule-breaking activity through routine behavior.

Our discussion of the mechanisms by which individuals are familiarized with entrepreneurship complements previous work that looks at conditions for the expansion of entrepreneurship from a broader societal perspective (e.g., Locke & Schoene, 2004; Thornton, 1999). Also, our approach offers an alternative perspective for putting entrepreneurship on the research agenda of institutional theory itself, which departs from approaches that invoke entrepreneurship for addressing institutional change (e.g., DiMaggio, 1988; Munir & Phillips, 2005) and instead addresses the mechanisms that lead to institutional persistence (mostly associated with research by Zucker, 1977; for an overview see Meyer, 2008).

We focus on modern Western societies without addressing a specific national context in our analysis. In line with Meyer et al. (1989), we stress that societies belonging to the Western cultural account are committed to similar distinctive forms of rationality and progress. While we acknowledge the existence of differences within the Western cultural account (see also Jepperson, 2002; Lamont, 1992), it goes beyond the scope of this article to explore these differences.

By conceptualizing entrepreneurship as an institution, we do not claim that entrepreneurship is necessarily taken for granted, but we assume that levels of taken-for-grantedness vary across social settings. Instead, we emphasize that the institutional character of entrepreneurship lies in its prominence in both the symbolic values and the social order, as well as in its implications for the ranking of actors within Western societies. Following this, we see its legitimacy in the adherence to entrepreneurial ideals by those actors who receive a lower status in society because they lack entrepreneurial behavior.

From a cultural perspective, "Modern entrepreneurship is a distinctly new variant of a timeless species, created and sustained by culture and creative of it at the same time" (Berger, 1991, p. 7). Constituents of this species are strategic acting, risk taking, and expressing social interest. By emphasizing these characteristics, we draw on economic definitions of entrepreneurs in the tradition of the Austrian school (e.g., Kirzner, 1973, 1979; von Mises, 1950), which nevertheless also state the impact of individual action on social and economic life.² The application of the term *entrepreneurship* continuously expanded in the past years to many areas of life. It goes far beyond establishing new enterprises; it spreads into all areas of life (Franke, 2002).³ Entrepreneurs can be either individuals or groups, creating an innovation for other actors (such as individuals, groups, organizations, national states; see Meyer & Jepperson, 2000).

This innovation can be the generation of ideas related to technology and products over ideas about organizational design, leadership, and financing (Kor, Mahoney, & Michael, 2007).

We structure our subsequent conceptual analysis in three sections. We first address the constitutive elements which make up entrepreneurship by referring to ideals that acknowledge entrepreneurship, typical characteristics of entrepreneurs, and techniques of control supporting entrepreneurial behavior. We then elaborate on how individuals are typically socialized into an entrepreneurial society (Audretsch, 2007) and how they subsequently draw on entrepreneurship for mastering their lives. We conclude our reflections with discussing how our analysis may be helpful for researching differences in the valuation of entrepreneurial behavior across societal contexts, as well as inquiring the deepening of taken-for-grantedness of entrepreneurship over time.

Constitutive Elements of Entrepreneurship as an Institution in Modern Western Societies

Subsequently, we outline typical characteristics associated with entrepreneurship that we assume to be manifested in societies where people perceive entrepreneurship as natural and valuable. We emphasize that central to the pervasiveness of entrepreneurship to societal members is that entrepreneurial ideals are specified in recipe-like working knowledge that is reified in techniques of control. In accordance with the three constitutive characteristics of any institution proposed by Hasselbladh and Kallinikos (2000), we structure entrepreneurship along three dimensions: in ideals, which explain why entrepreneurial behavior is both relevant and positively valued; in specifications of entrepreneurship that render entrepreneurial abilities and goals more precise; and in techniques of control that develop and assess these specifications. These dimensions are closely examined below.

Ideals

Institutional theory asserts that many elements of modern society—including the status of the actor—are socially created, intensified, and culturally diffused (Meyer, Boli, Thomas, & Ramirez, 1997). The history of Western societies “is to a large degree also the history of the modern entrepreneur” (Berger, 1991, p. 2); they are characterized by cultural ideology that celebrates individualism and rationalization. These superordinate configurations of value (Berger & Luckmann, 1995, p. 16)

do reciprocally support each other suggesting that they are causally connected, equally relevant, and desirable to all societal members. They do not exist in isolation but are systematically related to other societal ideals (Searle, 1995). Causal connections between these ideals are valid through shared belief systems (Scott, 1992).

We argue that a positive valuation of entrepreneurship is nurtured in societies that emphasize three major ideals associated with modernity: cultural individualism, change, and economic wealth. In the Western cultural account, these ideals are widely accepted as causally related and are conceived as means–ends relationships (Douglas, 1982). In other words, the generalized assumption in entrepreneurial societies is that autonomous and experimenting actors are important for facilitating change that then promotes economic wealth. In turn, economic wealth matters for raising individual autonomy and capability. In the following sections, we discuss how these ideals provide fertile ground for the celebration of entrepreneurial behavior.

Cultural individualism. Cultural individualism encompasses sociocultural arrangements where individuals are encouraged to be autonomous and uncontrolled (Berger, Berger, & Kellner, 1974) and to engage in creative activities (Hwang & Powell, 2005). It is an ideological doctrine that pervades all areas of Western societies and appears as political, economic, religious, ethical, epistemological, and methodological individualism (Lukes, 1973). This means that “Individualism is a matter of collective public concern, and not simply an attitude or orientation of contemporary persons” (Frank et al., 1995, p. 361). Humans are understood to have specific rights, attributes, and obligations. They are meant to be distinguishable based on specializing identities with stable traits, serving to support their claims to roles and their universalistic rights as persons (Frank & Meyer, 2002). “Society, in all its economic and political aspects, is seen as depending on individuals” (Frank et al., 1995, p. 361), and the notion of entrepreneurship perfectly fits the belief that human actions are essential for social life.

Cultural individualism focuses attention on the continuous development of a separate personal identity sustaining some sort of psychology of the individual (Frank et al., 1995); it encourages the attainment of personal success and emphasizes the importance of striving for self-actualization. Native ability factors are treasured because they define the ultimate capacity to perform which is important to fantasize about “possible selves” (Jones, 1989). Individuals are supposed to discover and attain their own *true* selves (Oyserman

& Markus, 1998). Self-knowledge is conceptualized as the goal of existence. Thus, individuals are concerned with permanence and causation of their actions to sustain a stable self, which is an important feature of their meaning system.

In individualistic contexts, rule-breaking behavior understood as exceeding the norm (Nadesan, 2002) becomes an exercise that allows the individual to examine their competence as a proper societal member. Competition and struggle for resources are regarded as an expression of natural human drive; they enhance self-esteem, personal security, and mental health. They prove the sovereign individual to others and promote one's social status.

Change. Change in the social and natural environment is a central concern in any society (Luckmann, 1992). Thus, understanding change has always been a basic operation and subject of theorizing, meaning that explanations and rationales of various perceived transformations exist in any society. Involvement of individuals in change can be conceptualized either passively or actively. As a consequence of the demystification of religion and the conceptualization of individuals as capable and autonomous entities (Hirschman, 1977), theorization of change in the Western cultural account puts individuals in the center of agency. Individuals perceive themselves and reciprocally are perceived by others as actors having an impact on and control over the external world (Oyserman & Markus, 1998).

Attribution theory gives an example of the subjectively perceived naturalness of individual agency by showing how change is causally ascribed to individuals and not to environmental forces. The "fundamental attribution error" (Heider, 1958) documents that there is a tendency to overestimate personal over situational causation. Hewstone and Augoustinos (1998) explained this phenomenon as follows: "Dominance of the actor in the perceptual field that comprises context, roles and pressures that are relatively pallid and dull and unlikely to be noticed when compared with the dynamic behavior of the actor" (p. 63). This dispositional bias is also reflected in behavioral norms: The actor is "meant to predict the future and thus render the incalculable tomorrow into a predictable and thus controllable pattern" (Clegg, Carter, & Kornberger, 2004, p. 22).

Demonstrating rule-breaking behavior opens ways for individuals to prove and reaffirm their capacity to control the external world. Consequently, criteria like creativity and innovativeness are valued more than carrying through a task (Jones, 1989). Corresponding with this, innovation

has positive connotations in discourse; for instance, "Change is the cutting edge and routine work is inevitably outsourced" (Audretsch, 2007, p. 236). In contrast, neutral or negative notions of innovation that were used in the past have vanished.

Economic wealth. Economic wealth completes the framework of ideals within which entrepreneurship is embedded. Economic wealth in Western societies has achieved the status of an ultimate goal that conceptualizes individual and collective welfare (Deutschmann, 2001). It is a key defining criterion for the worth of nations as well as for the status of individuals in society.

On one hand, economic wealth is meant to place an important means for enhancing individualism. In societal contexts where the individual is proclaimed "the sovereign source of public life" (Frank et al., 1995, p. 360), economic growth is thought to develop the autonomy of individuals, thus reinforcing cultural individualism. Economic progress proposes additional resources that allow individuals to enfold new activities and diversification (Luckmann, 1992). Autonomous individuals strive for the accumulation of economic wealth because it enables the creation of any other kind of benefit (Deutschmann, 2001). At the collective level, economic wealth contributes to resolving the problems that are considered as relevant for eliminating barriers for less privileged human beings (e.g., equality of minorities). At the individual level, economic wealth enables self-actualization and enhances the ability to change one's conditions.

On the other hand, economic wealth provides an important rationale as to why change is necessary. Schumpeter's theory of economic development of nations (Schumpeter, 1968) clearly pointed out the significance of innovativeness for economic wealth. Particularly in economic crises, problems are routinely attributed to stability and change is invoked as a solution. McClelland's psychological theory of economic development complemented this by specifying the linkage between economic wealth and individual traits (McClelland, 1961). McClelland claimed that at any given time, the national level of a psychological motive termed "need for achievement" is a major determinant of the nation's subsequent rate of economic growth.

This causal notion is reflected at the level of organizations and of individuals. Organizations adopt it by focusing on reinvention of their practices (e.g., processes, technologies). In contexts where everybody innovates and competitors seek to adopt these practices, new methods of organizing allow gains that are only temporary wins, however. Thus, striving for innovation becomes a permanent

need even for keeping relative advantages, for example, “red queen effect” (Derfus, Maggitti, Grimm, & Smith, 2008). At the individual level, this causal notion is reflected in the belief that the regular reinvention and actualization of skills is useful for improving individual’s success in the job market (e.g., Barley & Kunda, 2004).

Although permanent change may truly contribute to the augmentation of economic wealth, it points also symbolically to economic wealth. Belief in the causal interdependency between change and wealth implicates that continuous change itself is used as an indicator for economic development, even in the absence of effective economic growth.

We have argued in this section that Western societal ideals conceptualize economic wealth as ultimate goal that is achievable through continuous change by autonomous actors who have control over change (Hirschman, 1977). The causal connection between change, wealth, and individualism implies that entrepreneurial “work is itself a means for self-fulfilment and the road to company profit is also the path to individual self-development and growth” (du Gay, 1996, p. 63). Under these conditions, risk-taking and rule-breaking behavior is both collectively relevant and positively valued. They are “the core of the dynamics of modern capitalism” (Kor et al., 2007, p. 1187). Therefore, entrepreneurship cannot be left to few people, as in historic societies (Hwang & Powell, 2005), but calls for a broad foundation.⁴ This implies that enabling individuals to continuously transform existing ways of organizing, reinventing practices, and so on requires systematic solutions. These solutions are provided by recipe-like knowledge about entrepreneurial skills and by assessing progress in the attainment of these ideals, evaluate the adequacy of specific solutions, and thereby constantly reifying the relevance of entrepreneurial behavior.

Discourse

Discourse transmits societal ideals into concrete recipes by specifying instruments and reachable objectives (Hasselbladh & Kallinikos, 2000). A systematic assessment of prevalent means and desirable ends would require a discourse analysis of entrepreneurship concepts, which is beyond the scope of this article. Instead, we subsequently illuminate how common academic entrepreneurship definitions take up the previously discussed ideals and translate them into more specific, usable knowledge.⁵ We exemplify this by revisiting entrepreneurship definitions from the Austrian school and related scholars.⁶ This tradition emphasizes three aspects of entrepreneurial behavior: strategic acting, risk

taking, and the beneficial social effects resulting from individual entrepreneurial action, as explained below.

Strategic acting. Entrepreneurs fulfill economic functions; they realize innovations and profit opportunities, create new structures, take risks, organize, and coordinate. According to Ludwig von Mises (1950), every form of acting represents choosing between the alternatives that are considered as more or less attractive by actors. In this perspective, the market is the prototypical medium of social interaction, whereas entrepreneurial acting is the essential feature of human acting. Entrepreneurs who actively seek profit opportunities consequently represent the perfection of human agency. Strongly influenced by von Mises’ thoughts, Kirzner (1973, 1979) also pointed out the entrepreneur’s capability to discover hitherto unrecognized chances to gain individual profits. The crucial entrepreneurial skill is alertness, which, according to Kirzner, can be trained and furthered by a rewarding institutional context (Lavoie, 1991). Casson (1982) defines the entrepreneur as “someone who specializes in taking judgmental decisions about the coordination of scarce resources” (p. 23). Thus, Casson views strategic decision making as crucial feature of entrepreneurial acting. Active planning distinguishes the entrepreneur from the nonentrepreneur. While the former gets involved with proactive decision making, the latter just reacts to changing contexts and other actors.

Risk taking. Schumpeter (1968), who is probably the most famous entrepreneurship theorist, emphasizes will-power as an essential feature of entrepreneurs. His concept of *creative destruction* encompasses the societal need to destroy existing institutional settings to create new combinations of economic resources, products, and market equilibriums. Hence, Schumpeter’s entrepreneur is characterized by his reflexive or even strategic stance toward established practices and traditions; for example, in the words of Becker (1999), “Schumpeter describes the entrepreneur as the innovator who leaves behind routines” (p. 786). Dissociating from existing forms of acting refers to the act of changing social routines, which is always fraught with risk. Thus, the entrepreneur must not be discouraged by uncertainty and resistance (Schumpeter, 1968). Seeking autonomy, actively pursuing visionary goals, and taking changes at the risk of failing are much valued features in Schumpeter’s description of entrepreneurial behavior that have had strong influence on entrepreneurship discourse since Schumpeter’s seminal work.

Uncertainty, already mentioned by Schumpeter as a crucial aspect of entrepreneurial behavior, also plays an important role in Knight’s (1964) work on entrepreneurs:

"It is a world of change in which we live and a world of uncertainty" (p. 199). As a "specialist in risk-taking or uncertainty bearing" (p. 129), the entrepreneur fulfills the necessary function of establishing order and creating reliable institutions.

Integration of individual and social interest. The universal approval of entrepreneurship in economic theory explicitly draws on the interlocking of personal and collective motives for entrepreneurial action, leading to desirable social, economic, and individual outcomes. In line with this, the Austrian school scholars connect individual and social interest by showing that there is no contradiction between these human goals. In the discussed approaches, entrepreneurship clearly fulfills an important function for the economy and for social life.

Embracing social aspects, Schumpeter, Casson, and Knight all emphasize the importance of individual action for economic change and wealth, and also state that striving for individual profit and pursuing social goals are reconcilable. For instance, in Knight's (1964) description of the entrepreneur, risk taking is not an end in itself but serves society at a collective level. He defines the entrepreneur's task and the "essence of enterprise" as "the specialization of the function of responsible direction of economic life" (p. 271). Stating that control is inseparably tied to responsibility, Knight asserts the social dimension in his description of entrepreneurs. The entrepreneur is characterized as a specialist in decision making because he not only decides for himself but also fulfills this function on behalf of others and thereby plays an essential role in economic processes (Casson, 1982). Deciding comprises defining what situation one faces, which aspects are essential, and which alternatives are available. According to this perspective, deciding is about defining what is real and also constructing reality for oneself and others (Chia, 1995). By making essential economic decisions, the entrepreneur plays a major role in the construction of collective social reality.

This section illustrates that characteristics of entrepreneurs in classic definitions can be seen as modes of specifying the imperative of actively realizing one's interests, creating change, and pursuing social interests in Western societies. Orientation toward action is one of the main features of modern actors as outlined by Meyer et al. (1989). Descriptions of entrepreneurs basically boost this common human characterization as *homo agens* (Kirzner, 1973), presenting the entrepreneur literally as a superman, who is more enterprising (von Mises, 1950), more willing to realize his interests by employing rule-breaking behavior and by taking risks (Knight, 1942,

1964) and more creative (Schumpeter, 1968), by actively making decisions for himself and for others (Casson, 1982).

These definitions are obviously more than mere observations of social phenomena. They constitute what skills people need, what they legitimately do, and why it matters, and thus have practical relevance for organizing entrepreneurial behavior.⁷ Most importantly, they allow the identification of entrepreneurs in the real world, the setting-up of programs for training in entrepreneurial skills and the practical assessment of the benefits from entrepreneurial behavior.

Techniques of Control

Techniques of control operationalize discursive elements by establishing "systems of measurement and documentation for controlling action outcomes" (Hasselbladh & Kallinikos, 2000, p. 704). If entrepreneurial behavior is that important to Western societies, its dissemination cannot be left to chance. Entrepreneurial behavior must be made learnable and teachable (Hwang & Powell, 2005, p. 201). For this purpose, entrepreneurial skills are assessed in specific social establishments: in education programs, for instance, techniques of control are evaluative criteria that allow training of entrepreneurial behavior; in policies of venture capitalists they facilitate the identification of entrepreneurs; and in governmental programs they enable examining the magnitude of overall entrepreneurial activity of a nation.

Applying these criteria as tools for diagnosing how entrepreneurial individuals are and for assessing progress toward them constantly reifies the relevance of entrepreneurial behavior. By taking up entrepreneurial criteria and using them to identify entrepreneurial actors, social establishments provide occasions for practically experiencing the existence of entrepreneurship and creating evidence for it. Operationalization of entrepreneurship occurs at different societal levels. There are state elites promoting entrepreneurship in governmental programs as well as functionalist (e.g., managerial, educational) elites (Frank et al., 1995). Besides, mass media plays a prominent role for operationalizing entrepreneurship: It not only transmits entrepreneurial definitions made by these elites and assesses their appropriateness, but also shows the relative importance of entrepreneurship by making headlines.

Governmental programs. These programs convey a picture of entrepreneurship having a social function (Perren & Jennings, 2005), that is, being a means for allocating public expenses and spurring investments. To

support entrepreneurs in fulfilling this function and to provide a supportive infrastructure, governments create a framework consisting of data and precise descriptions. Thus, they contribute to the reification of the socially acknowledged patterns for entrepreneurial behavior. By documenting and investigating entrepreneurial behavior, organizing innovation contests, and supporting specific education programs and chairs for entrepreneurship at colleges and universities, governments emphasize the practical relevance of entrepreneurship for gaining social privileges and status. As it takes entrepreneurs to actualize new ideas by championing them to society (Audretsch, 2007), governments assist them through governmental programs and initiatives.

Entrepreneurship education. Educational organizations like universities and schools contribute to the existence of entrepreneurship by proposing theories of personal and economic development that give entrepreneurship central relevance. Because educational programs inform students about theories for fostering change as well as methods for examining innovation (Kieser, 1989), entrepreneurial behavior is transformed into a systematic approach. Private sponsors like banks and consulting firms organize business games and offer the opportunity to expose and improve creative and responsible acting. In these games, the concrete tasks may be fictional, but they convey the ideal of an entrepreneurial lifestyle. Due to the growing attention that entrepreneurship and its supposed positive effects on economic growth have attracted in the past decades, universities and colleges have increasingly established entrepreneurship courses and programs (Locke & Schoene, 2004). Regardless of the problem of how to assess the effects of these programs (Chell & Allman, 2003), they represent and strengthen the notion of entrepreneurship. The mere fact that they produce figures like the number of graduates with specific knowledge on diagnosing entrepreneurial behavior points to the relevance of entrepreneurship for modern societies. It is also striking that it has been claimed that universities and academics should engage in entrepreneurial behavior themselves (Glassman et al., 2003).

Venture capitalists. The rapidly growing use of venture capital (Thornton, 1999) indicates the financial potential of investing in innovative start-up companies. Venture capitalists or angel investors, who are private persons, have to be skilled in identifying entrepreneurs to judiciously provide money to young companies that are in accordance with their investment strategy. They create criterion systems that

function as techniques of control for recognizing promising entrepreneurs and searching for suitable profiles, who are mostly creative, innovative persons.

To sum up this section, entrepreneurship persists through the application of entrepreneurial criteria in making decisions in a broad range of areas of life. That is to say that identifying entrepreneurs and providing individuals with descriptions of entrepreneurial characteristics and benefits from entrepreneurial behavior is a permanent activity. Whenever a problem (e.g., financial stagnation, unemployment) needs to be addressed, people find it appropriate to invoke rule-breaking behavior, that is, entrepreneurial behavior as an adequate solution (Spicer & Jones, 2005).

Although ordinary people normally do not participate in the creation of the ideals and discourses discussed previously, but, leave their specification and causal relationships to experts like economists, sociologists, and management scholars, they can hardly ignore the techniques of control, which are a part of their everyday lives. For example, they confront entrepreneurial criteria when they need funding for their projects or apply for a promotion in their jobs, or when they simply read about explanations for economic declines in the daily newspaper. They are reminded of them when they want to be seen as valuable human beings by their peers.⁸ Thus, adapting entrepreneurial criteria for addressing their valued goals is most promising. However, neither knowledge about nor positive valuation of entrepreneurial criteria are given to them naturally. The next section discusses how new members typically acquire entrepreneurial knowledge in societies that celebrate entrepreneurship and how they contribute to its maintenance in such societies.

Transmission and Persistence of Entrepreneurship

Internalization of societal knowledge by new societal members is pivotal for maintaining institutions and for reinforcing their fact-like character (Berger & Luckmann, 1966). When people grow up in a concrete society they are inevitably exposed to the institutions of this context. They perceive pregiven societal knowledge as fact-like because they lack feasible alternatives and because they are less aware that this knowledge is a human product. Therefore, an examination of the mechanisms through which people learn the vernacular of entrepreneurship is useful for understanding the persistence of institutional patterns beyond their use by contemporary society members (Zucker, 1977).

In this section, we address some of the mechanisms that support the familiarization of individuals with entrepreneurial behavior and discuss in which ways they, once having learnt to refer to this behavior for managing their lives, contribute to maintaining entrepreneurship. We illustrate this with the example of a technically orientated person who happens to set up a business venture.

Mechanisms That Support Familiarization With Entrepreneurship

Imagine a technically orientated and skilled person who grows up in a society where entrepreneurship is celebrated, where the ideals discussed earlier, and discourse and techniques of control that are collectively shared and widely accepted among societal members. What is likely to happen to this person?⁹ We may expect that relevant others (e.g., parents, schools, universities, governmental agencies) find the person's orientations and skills useful and strive to actualize their promising prospects for the future, expecting that this also promotes their own prospects. So they may strongly encourage the person to use their talent for elaborating a technical invention and to found a new business venture where this invention is realized. We outline three mechanisms that make it probable that the person meets these expectations: mimetic desire, being kept out of mischief, and incentives.

Mimetic desire. Like any societal knowledge, meaning and value of entrepreneurship are formed, learned, and transmitted through a process of indication in interaction with other societal members (Blumer, 1969).¹⁰ In societal contexts where entrepreneurship is a much valued concept, stories of triumphant entrepreneurs inspired by a powerful vision associated with the likes of Lee Iacocca (Iacocca & Novak, 1984) and others are part of the collective knowledge (Hegele & Kieser, 2001). These cultural heroes (Malach-Pines, Levy, Utasi, & Hill, 2005) clearly tell that strategic acting is superior to following others and that individual welfare can be combined with social interest. They suggest that failing with a new venture is a less severe problem than not having risked the initiative at all. If family members, media, and schoolteachers narrate these stories, they provide relevant categories for describing other's behaviors, indicate what norms they find valuable, and how they see these norms connected. The person then may be still worried about possible negative consequences resulting from risk taking; however, because he or she wants to be like successful others, he or she accepts these possible failures more openly, perceiving them as minor problems.

Girard (1965) explained this by arguing that people seek to attain what others perceive as attractive, which is called *mimetic desire*. If one perceives entrepreneurship as highly regarded by relevant others, there is a tendency to expose behavior that expresses entrepreneurial qualities and to rationalize one's acts with elements of entrepreneurial stories.

Being kept out of mischief. Familiarizing with entrepreneurship also works through the provision of rules for setting priorities in situations where the person struggles with equivocality. Equivocality is regarded as a typical problem which is common for Western societies (Berger & Luckmann, 1995). In a reality that is perceived as overloaded with information, people "need values, priorities, and clarity about preferences to help them be clear about which projects matter" (Weick, 1995, pp. 27-28). Transmission of priorities begins in school, if not earlier (see Nadesan, 2002). For instance, when schools offer business games that simulate business start-ups, the person may have a strong drive to participate in these exercises. Even if the person is not wholeheartedly attracted to the content of these exercises, he or she may consider them simply because they seem the most rational thing to do in a world that is full of options. When the person later faces a range of possible programs and courses at university, the person may choose courses that develop entrepreneurial knowledge following recommendations by others, for example, when they tell him or her, "If you don't know what to do, this is a safe option."

Taking up one of Hirschman's (1977) explanations for the favorability of people toward capitalism we argue that an important mechanism that drives people's pursuing these activities is that they sense that they are kept out of mischief (Hirschman, 1977). Although just to participate in these business games or to study entrepreneurship and innovation does not guarantee that a technically skilled person becomes enthusiastic about entrepreneurship, he or she does anticipate that this is the safest option for advancing and becoming successful. In any case, the person gains a positive self-perception ("I'm doing the right stuff"). Moreover, the person learns practical things like developing business plans and presenting how he or she is capable of realizing these plans. These requisites are found to play a crucial role in decisions to start a new business (De Clerq, 2006, p. 340).

Incentives and sanctions. Finally, the provision of incentives and sanctions is a powerful mechanism for

turning people into entrepreneurs; for example, talent competitions on business ideas, that is, those sponsored by governments and venture capitalists, offer incentives. The person may see these competitions as an opportunity to collect necessary capital, or, if the person does not plan to realize a venture, simply as an occasion for finding out how others assess their entrepreneurial skills and assign the person with the valued label *entrepreneurial*.

However, the person's decision to demonstrate entrepreneurial ability and knowledge may also be based on sanctions or anticipated sanctions. In Germany, the term *Ich-AG* (literally, *me corporation*) became famous as a program that cofunds single-person start-ups for the unemployed. Participants in this program receive considerable material and educational support. Because the government finances parts of their income in the beginning period, these forms of self-employment have a more limited financial risk. Moreover, they release the unemployed person from the risk of being enforced to community service.

For whatever reason one participates in the business plan competition, as the winner of the business plan competition he or she receives professional support for starting their own enterprise. Also people who participate only symbolically are given the opportunity to build a new venture and create evidence for the existence of entrepreneurial behavior.

To summarize, considering the transmission of entrepreneurial ideals and the existence of discourse and techniques of control that ensure the social approval of entrepreneurs, there is a stock of social knowledge about entrepreneurship available to individuals in Western societies. Relevant others influence new societal members in manifold ways so that they understand what works and what is useful in an entrepreneurial society, even though this influence occurs mostly unconsciously. Confronted with specific situations, for example, meetings with venture capitalists, people have working knowledge about desirable attributes implied in the notion of entrepreneurship, so they can actually anticipate the venture capitalist's typical expectations. Within communicative networks (Downing, 2005), entrepreneurial role models are offered and relevant means-ends relationships are shown, which enable new societal members to interpret their and others' behavior as meaningful. People who have learned how to use this entrepreneurial vernacular are thus *ceteris paribus* more efficient¹¹ and, therefore, more successful in mastering problems in entrepreneurial societies. They are more likely to start new ventures and add to the rise of entrepreneurship in governmental statistics. However, they

may adopt the entrepreneurial role for quite different rationales, as detailed below.

Rationales for the Persistence of Entrepreneurship

Because legitimacy is an indispensable precondition for the persistence of entrepreneurship as an institution, one has to ask how actors come to view entrepreneurship as a legitimate social phenomenon. Weber's (1978) distinction between individual and collective rationality provided a useful perspective for inspecting in which ways this occurs. Picturing legitimacy as a process that takes place on these two levels enables a normative as well as an instrumental orientation toward action (Zelditch, 2001). *Normative acting* means that the individual actually believes in the values and norms associated with the notion of entrepreneurship and rather naturally strives for entrepreneurial acting himself or herself. But this is not the only way of maintaining the importance of entrepreneurship, which can also serve as a cognitive object of orientation for actors who do not themselves believe in these values and social goals (Zelditch, 2001). Still entrepreneurship displays validity at the group level because others are known as believing in it, and an actor can refer to it rather strategically as an instrument to achieve other goals.

Sense making as normative orientation toward entrepreneurship. At the level of individual rationality, post hoc sense-making processes display an actor's normative conviction of entrepreneurship being important and legitimate. Actors trying to make sense of their past experiences and acts have many possible meanings to choose from. Thus, the difficulty of sense makers is not too little information, but they struggle with equivocality, with too many possible meanings (Berger & Luckmann, 1995).

Entrepreneurship can be described as a set of strong values and priorities, which are helpful for actors to understand and give meaning to their own past actions, both for them and for others. By linking their individual experience to important human goals like economic wealth, change, and cultural individualism, entrepreneurship legitimizes and strengthens actors' identities. Being convinced of the importance of taking agency for the self and for others (Meyer & Jepperson, 2000), the actor's actively pursuing social and private interests and being responsible and oriented toward change appear meaningful and socially valuable in retrospect.

Returning to the technically skilled person in our example, the image of successful entrepreneurs not only

serves as a template for their actions, but also allows him or her to make sense of what happens in retrospect. Viewing him or herself as a potential entrepreneur, he or she has unequivocal priorities and values at hand to ascribe meaning to past events. In our fictive example we could assume that the technically skilled person had applied for some jobs before and that because he or she did not find a company that offered satisfying opportunities to be creative, he or she sets his or her own goals and pursue innovative projects. In retrospect, not finding an appropriate job could be interpreted by him or her as an indication of entrepreneurial vision and skills and as initiating their career as a businessperson. Instead of thinking that their job expectations were unrealistic, for instance, this possible sense-making process encourages him or her to continue in the path to becoming an entrepreneur. Their self-description as entrepreneur is not only a symbolic gesture but also helps in coping with their specific economic situation. It serves to rationalize their status and also to resolve potential practical problems (for other types of self-description, see Barley & Kunda, 2004).

Employing entrepreneurship instrumentally. People not only struggle to explain past events to themselves, but they also try to express the sense they have made of them to other persons with whom they interact. Leaving a positive impression is often intended in these situations. Thus, it is likely that individuals create themselves for others (Hirsch & Lounsbury, 1997) according to entrepreneurial ideals and descriptions and that one seeks to be perceived as entrepreneurial by others to be appreciated. When people recognize that exposing entrepreneurial qualities (e.g., violating traditional rules, innovatively transforming organizations) is advantageous for them, it can be expected that they also make use of presenting themselves as entrepreneurs strategically.

This implies that though individuals can be skeptical about their own entrepreneurial capabilities and their contributions to something which is perceived as change, they do know about the importance and legitimacy of entrepreneurship for relevant others. Consequently it is fair to assume that people nevertheless claim that they possess entrepreneurial skills and are responsible for change. Because verbal accounts are decoupled from acting, there is no need for them to exactly correspond to real motives; therefore, they can be decoupled from actual practices. Rather than explaining actions, in specific situations, their role is to provide a rhetoric through which outcomes are made accountable (Silverman & Jones, 1973). Thus, accounts are purposeful selections of

options from the person's available choice set adapted to the anticipated expectations of the imaginary audience (Sahlin-Andersson & Engwall, 2002).

Returning to our fictive example, our new entrepreneur obviously highlights their ability to run their firm successfully to obtain financial support, in a meeting with a venture capitalist for instance. The prospect of gaining individual advantage may encourage him or her to construct an appropriate identity in accordance with entrepreneurial role models. Their chances for support will be much better when he or she formulates an entrepreneurial story to legitimize their business (Lounsbury & Glynn, 2001) by convincingly linking attributes which are regarded as entrepreneurial with their own life. Being socialized in an entrepreneurial society he or she knows instinctively what the venture capitalist is listening for (entrepreneurial catchwords like *vision*, *innovation*, *creativity*, *willpower*, *responsibility*, and so on). Relying on the legitimacy which is ascribed to entrepreneurship, he or she can make use of this knowledge strategically. The person in our example can avail him or herself of entrepreneurship's legitimacy by creative rewritings of their CV or stylized answers given in interviews with venture capitalists. In verbal accounts he or she can refer to high job fluctuation documented in their CV as having looked for new challenges or pointing out their dynamic traits and their flexibility. Even if he or she felt forced to self-employment because he or she deemed it as the only way out of unemployment, he or she can rhetorically present it as their will to self-actualization and that he or she simply had to follow their entrepreneurial vision. Because of the intended consequences of these entrepreneurial accounts, he or she is not only free to construct and make sense of the past, but is also free to influence the future by ensuring prestige and support, for instance, financial support.

We argued above that rationales for employing entrepreneurial roles differ according to whether the individual person believes in the importance of entrepreneurship or not. Anyway, being socialized in an entrepreneurial context, the person is familiar with entrepreneurial values, skills, and role models and can either stick to them normatively or use them strategically. Vice versa, employing this highly regarded behavior normatively or instrumentally reinforces the legitimacy of entrepreneurship.

To summarize this section, even though we do not know the specific person, if we presume an entrepreneurial society, we are able to predict that he or she quickly learns how to utilize entrepreneurial vernacular for resolving their practical problems because he or she is inevitably

exposed to this specific societal knowledge. In societal contexts that celebrate entrepreneurship there are uncountable similar cases and each case creates evidence for entrepreneurship. The entrepreneur is now officially born and can be documented in the statistics. Interested others are able to analyze him or her as evidence for entrepreneurial behavior, to study mostly the individual factors that are perceived to have caused the venture's success, and to gain insights for further promoting entrepreneurial behavior. Thus, entrepreneurship maintains its practical relevance and increases its taken-for-grantedness. The ongoing incorporation and enactment of entrepreneurship through individuals reflect the dialectical view of how institutions deepen their taken-for-grantedness: "Society is a human product. Society is an objective reality; man is a social product" (Berger & Luckmann, 1966, p. 79).

Summary and Conclusion

Peter Drucker has defined the 21st century as the "century of entrepreneurship" (Drucker, 1993), and growing interest in entrepreneurship in academia and management suggests that at least it may become the century in which management academics and businessmen pinned their hopes of prosperity on entrepreneurs. Given the omnipresence of entrepreneurship in research and media today, our article offers an approach for understanding the societal mechanisms of the increasing pervasiveness of entrepreneurship in Western societies. Drawing on institutional theory, we outlined how the prominent role of entrepreneurship is manifested in the symbolic values and the social order of Western societies. We explained how the institutional character of entrepreneurship enables its persistence by addressing the mechanisms through which new societal members learn about its importance. Drawing on several rationales, these people may perceive entrepreneurship as inevitable, thereby constantly reproducing entrepreneurship and deepening its taken-for-grantedness. Under these conditions, we expect that although entrepreneurship is nonrepetitive, it becomes more and more routine behavior.

We suggest that two main insights can be derived from these reflections. First, in societal contexts where the above described ideals and discourses are codified and techniques of control that support them are established, entrepreneurial behavior is neither exceptional nor rule breaking. Acting in line with scripts takes little entrepreneurial effort (Meyer & Rowan, 1977), regardless of what their contents are. If strategic acting, risk taking, and proclaiming integration of individual and social interest receive the utmost support by others, they

are in fact the most efficient ways of acting, both normatively and instrumentally.

Second, if people are able to practically experience the usefulness of compliance with entrepreneurial ideals, familiarizing new societal members with entrepreneurship is fairly easy. Entrepreneurship then has a high likelihood of being quickly adopted by individuals (Meyer et al., 1997). In contrast, if entrepreneurial ideals are not reified in social structure, their transmission is difficult. This may account for findings that cultural variables explain cross-national differences in preferences for entrepreneurship, but not in actual entrepreneurial behavior (e.g., Freytag & Thurik, 2007).

We suggest that our analysis provides a sensitizing framework for studying differences in the positive valuation of entrepreneurial behavior across societal settings as well as for developments of taken-for-grantedness of entrepreneurial behavior over time.

The analysis is helpful for exploring differences in the positive valuation of entrepreneurial behavior across societal settings. Tolerance of unmistakable empirical failures of an institution (Davis, Diekmann, & Tinsley, 1994) by those actors who are less privileged in society, because they lack entrepreneurial qualities, indicates probably the most rigorous proof of its valuation. We suggest that the extent to which entrepreneurship can withstand empirical disconfirmation depends on how close the causal connections between individualism, change, and economic wealth are perceived as well as on its elaboration by discourse and on techniques of control. If causal connections among cultural ideals are strong and supportive structures are elaborated, people are more likely to hold on to entrepreneurship, even when confronted with its destructive effects (Baumol, 1990). Empirical research would then have to show that close connections between cultural ideals and the elaboration of techniques of control are associated with the defense of entrepreneurship. An indicator for this could be that destructive effects are attributed to other factors than the failure of entrepreneurship (e.g., implementation errors, inadequate effort or persistence). Also, failures are more likely to result in adjustment of prevalent definitions and in the development of more rigorous techniques of control (see Deutschmann, 1997, 1998).

We suggest that differences in the taken-for-grantedness of entrepreneurship have implications for the rigidity of familiarization mechanisms. In societal contexts where entrepreneurship is less taken for granted, the transmission of entrepreneurship may involve controversial debates on the importance of entrepreneurship and struggles with feasible alternatives to entrepreneurial

behavior. Therefore, familiarization mechanisms, such as incentives and sanctions imposed by the government, would more likely be more rigorous if not even forceful. People would have to be more pushed and controlled to become entrepreneurs. Societies that exhibit such systematic efforts to impose entrepreneurial behavior would be a promising subject of inquiry for scrutinizing whether coercive efforts can possibly make entrepreneurship natural.

Our analysis of ideals, discourses, and techniques of control offers a framework for exploring differences in how entrepreneurial behavior is manifested across societal settings. The conception of the sovereign individual is mostly connected to the liberalist conception of the world (Augoustinos, 1998). Variations of individual and collective social representations of selfhood in everyday life that underline this point (Oyserman & Markus, 1998) lead us to expect more collectivist discourses of entrepreneurship (e.g., entrepreneurial teams) in contexts where progress and economic wealth are linked to collectivism, for example, in Asia, but also in Scandinavian countries (Miles, Snow, & Miles, 2007). It is also of interest for empirical inquiries to ascertain whether certain antiindividualistic cultures give rise to differing entrepreneurial schemes, discourses, and techniques of control, as in the case of Russia (McCarthy, Puffer, & Shekshnia, 1993).

We argued that entrepreneurial ideals are accompanied by a strong infrastructure, that is, by codified definitions of *entrepreneurship* and elaborate (however, not rigid) techniques of control, which is important for the familiarization of new societal members. This may account for the diffusion of entrepreneurship to societal settings where traditionally other ideals prevail, specifically for its rise in emerging economies. For many traditional institutions in these economies, supportive elements exist in less formalized forms, which make familiarization of new members with them rather difficult. Consequently, young people in these contexts are often more exposed to entrepreneurial techniques of control than to those from other ideals. If indeed the "bigger stick" (Berger & Luckmann, 1966) decides about the victory of ideals, spread of entrepreneurial behavior into these societies then could be a question of generational change and speed of diffusion would also be influenced by weakness of techniques of control in traditional institutions.

Although our discussion focused on societal conditions that facilitate entrepreneurial behavior, we think that these conditions have implications also for those who are not interested in becoming an entrepreneur or for those who are not able to become one. We suggest that entrepreneurship affects the ranking of actors in society (i.e., as a

means for deciding who deserves status and privileges). If entrepreneurial behavior is highly valued in Western societies, this explains why actors who lack entrepreneurial characteristics gain fewer material resources to pursue their interests and have less self-esteem. Moreover, we suggest that the celebration of entrepreneurship has implications for the frequency and mastery of change. We suspect that in entrepreneurial contexts, change occurs in shorter periods and is easily mastered: Actors accept change more readily and see the benefits resulting from it; they initiate more radical changes and more readily assign changes to their social environments.

Ironically, the conceptualization of entrepreneurship as a rationalized myth may be also helpful for understanding the widespread interest among institutional scholars in seeing institutional entrepreneurship as a source of institutional change (for a research overview see Hwang & Powell, 2005). This research takes for granted the very existence of entrepreneurship, which is in line with realist theories of entrepreneurship, but contradicts the premise of institutional theory that agency is socially embedded. This article has outlined an alternative possibility of how institutional scholars may put entrepreneurship on the research agenda that contributes better to these symbolic and cultural aspects (Zilber, 2002). We suggest that it is promising for institutional research to examine how individualistic perceptions of, for instance, opportunity discovery, are related to social construction processes (Fletcher, 2006). It encourages institutional scholars to investigate how the entrepreneurial behavior is related to societal conditions and how in turn societal context makes becoming entrepreneurial relevant.

Notes

1. By using the term *constructionist*, we refer to Fletcher's (2006) distinction between *constructivism* and *constructionism*.

2. Although these entrepreneurial qualities initially stressed by the Austrian school and related scholars still resonate in recent definitions of *entrepreneur*, there are also other traditions that consider social dimensions more or equally important in entrepreneurial acting than individual traits (e.g., see Aldrich & Kenworthy, 1999; Aldrich & Martinez, 2001; Shane & Venkataraman, 2000; Thornton, 1999).

3. In this sense, the positive valuation of entrepreneurial behavior in many contexts today is not remarkable, but its application to any kind of problem by any kind of actor is novel.

4. In this respect, recent claims for democratizing entrepreneurship (von Hippel, 2005) appear indeed logical and are likely to attract broad positive resonance.

5. Academic discourse mirrors the social context in which the theories are generated (Barley & Kunda, 1992); on the other hand, it defines typical features and behaviors of entrepreneurs and shapes practitioners' understandings and actions (Benson, 1977). In providing

explanation of and legitimacy to entrepreneurship as social phenomenon, scientific concepts have advanced the process of its institutionalization and contribute to the persistence of entrepreneurship.

6. Ludwig von Mises was one of the main protagonists of the Austrian school, Israel Kirzner was one of the members too. The connection between Joseph Alois Schumpeter and the Austrian school is somehow more indirect; he was a student of Eugen von Böhm-Bawerk, one of the first members of the Austrian school. Frank H. Knight and Mark Casson, whose models of entrepreneurship will be also touched on in this section, refer to the fundamental thoughts of Schumpeter and Austrian school theorists. We are aware that entrepreneurship definitions differ and that the Austrian school does not necessarily represent other definitions, compare, for example, an evolutionary perspective on nascent entrepreneurs (Aldrich & Kenworthy, 1999; Aldrich & Martinez, 2001). Discussing the differences in entrepreneurship definitions, however, goes beyond the scope of this article.

7. Entrepreneurship researchers like Steyaert and Katz (2004) increasingly pay attention to the issue how scientists address entrepreneurship and how this mostly economic discourse shapes society members' perception of actual entrepreneurs when asking, "What is the discursive mix through which entrepreneurship becomes socially constructed?"

8. These criteria may carry other labels besides *entrepreneurship* but refer to entrepreneurial ideals; compare, for instance, *intrapreneurship* (Pinchot, 1986) and the current managerial discourse, which implies a "vision of 'managerial work' [as] a composite of 'entrepreneurial' attributes" (du Gay, Salaman, & Rees, 1996, p. 263).

9. We have taken the idea for this fictive example from Meyer et al. (1997), who discussed what happens if Western civilizations discover an isolated island society.

10. In a similar vein, Berger and Luckmann (1966, p. 170) asserted that "the significant others in the individual's life are the principle agents for the maintenance of his subjective reality."

11. Once they have understood their roles and possibilities, they no longer have insecurity or doubt what they are expected to do by relevant others and how to realize these expectations. For instance, they perceive interest in venture capital as valuable and natural without questioning its objective character and possess the knowledge to realize it.

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