

Recursive and Discursive Model of and for Entrepreneurial Action

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This paper proposes a model of entrepreneurial action that integrates three distinct elements. First, it brings together action and time to articulate a recursive relationship between perception and action, mediated by consequences. Second, it brings together action and context to ground the entrepreneur's perceptions and actions in a mesh of social orders and practices. Third, it articulates the content of perceptions and actions as discursive entries and exits in a social language game of giving and asking for reasons. We discuss a number of implications for a systematic understanding of different manifestations of entrepreneurship.

Keywords: entrepreneurial action; recursive model; discourse; first-person; second-person; practice theory

Introduction

One of the pillars of our understanding of entrepreneurship is that it involves action. Entrepreneurship – viewed as the creation of future goods and services (Venkataraman, 1997) or new economic activity (Davidsson, 2003) – entails a sense of purpose, and it is logical to embody such purpose in the actions of particular individuals. As we juxtapose the broader task of entrepreneurship with the specificity and situational nature of individual action, three main ideas have unfolded in our understanding of entrepreneurial action, reflected in somewhat different research conversations.

The first idea relates to the fact that action is embodied, namely, done by individuals, and is thus a reflection of their mental states and processes. In this regard, entrepreneurial action has been defined as ‘behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit’ (McMullen and Shepherd, 2006, p. 134). The behavior in question entails investing one’s time, talent, and or treasure in pursuit of a new course of action (Shepherd *et al.*, 2007). In this sense, the judgment is about whether to undertake such investments and is underpinned by certain beliefs – namely, propositional attitudes about current and future

states of affairs – and motivations. Beliefs in turn rest on perceptions of current and future state of affairs.

The second idea reflects the sense that action is embedded in a broader entrepreneurial journey that transpires over time and unfolds in unpredictable ways (McMullen and Dimov, 2013). The journey pits the purpose of the entrepreneurial agents against the complexity of an environment that consists of other agents and purposes. What we describe as the task of entrepreneurship, for example, a new product or a new venture – is in fact a complex task that cannot be executed in one go, but in small steps. And with each step, the world does not stand still – other agents execute their own projects, events happen.

The third idea emphasizes that action occurs in context that influences it by shaping in an implicit way the perceptions, aspirations, and possibilities of the entrepreneurial agent (Welter, 2011; Baker and Welter, 2018). Indeed, according to Max Weber (1922/1991, p. 4), ‘an Action is “social” if the acting individual takes account of the behavior of others and is thereby oriented in its course.’ Entrepreneurial action is directed at others and its success entails commitments by them. It is also formulated in a social, discursive context in which the entrepreneur needs to communicate what he or she does in order to gain legitimacy or obtain resource commitments.

All these ideas are important and represent different ways of looking at entrepreneurial action, tantamount to

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using different camera angles. In the first, we position the camera in the head of the entrepreneurial agent and see the world through his or her eyes. In the second, we have something akin to an aerial shot that captures movement over time. In the third, we have a wide shot that portrays the agent together with its surroundings and highlights key relationships and interactions. Rather than pursue these ideas on a piecemeal basis, in separate conversations, it is important to bring them together into a holistic framework. To do so invites a reconceptualization of entrepreneurial action based on the synthesis of diverse perspectives. At the same time, we need to retain access to the ‘cockpit’ of the action while also acknowledging that there is more to the view from behind the windshield and that it constantly changes with each action step and over time.

In this paper, we offer a reconceptualization of entrepreneurial action in the light of the aspirations just outlined. Our proposed conception of entrepreneurial action rests on two main tenets. First, the model of action needs to be recursive, in order to accommodate the sequential nature of the entrepreneurial process. What this means is that in between two successive actions there is room to accommodate changes in the entrepreneur’s perception. Thus, action is affected by prior actions through changes in the entrepreneur’s perception. And perception is affected by prior perception through the action and its consequences obtained in between.

Second, the model of action must acknowledge the social context not as something that is passively perceived (by the focal entrepreneur) but as something with which the entrepreneur actively interacts. One aspect of this includes the collective realm of other agents – potential customers, other entrepreneurs, other businesses, etc. They also operate as independent agents – pursuing their own projects and goals. As a result, our focal agent’s plans intersect with the plans of others, which may create unanticipated consequences. They play an instrumental role in how the entrepreneurial journey transpires as they can influence the further actions of the entrepreneur. Another aspect of the social context includes the collective realm of relevant observers, with whom the focal entrepreneur engages in an active discourse to gain feedback, legitimacy, or resources and this very discourse can shape the entrepreneur’s perception and chosen actions.

We develop these tenets in the sections that follow, integrating current conceptions of entrepreneurial action with new, illuminating perspectives. We then bring all these elements together to present our full model and elaborate its implications. Our aim is to make two contributions to understanding entrepreneurial action. First, our model moves away from linear thinking about action and highlights a generative mechanism that, while deterministic in its operation, is open-ended in terms of

its outcomes. Second, our model bridges theory and practice, and by doing so it offers a gateway to a range of academic conversations while offering a focal point for their holistic integration. At the same time, it resonates with practitioners due to its retention of the ‘cockpit’ perspective. Unlike formal models of decision making that are built within a paradigm of rational choice, designed to make predictions but not assert intelligibility by practitioners, we seek to retain such intelligibility.

In the next sections, we outline the building blocks of our model. First, we bring together action and time to propose the tenets of a recursive relationship between perception and action, mediated by consequences, that is, what happens in between. Second, we bring together action and context to propose grounding the entrepreneur’s perceptions and actions in a mesh of social orders and practices. We then synthesize these two strands of thought into conceptualizing perception as a discursive entry (taking true) and action as a discursive exit (making true). We do this by bringing in the rationalist pragmatism of Robert Brandom, which emphasizes the central role of expression or inferential articulation, as embedded in social practices of giving and asking for reasons. Finally, we summarize our overall model and discuss its implications.

Bringing together action and time

When scholars describe entrepreneurship as a process, they implicitly state that it takes place over time. As Van de Ven (2007) points out, the term ‘process’ has acquired two different meanings in the literature. The first, as an entity, reflects in a collective sense what has transpired between particular start and end points, captured by words that designate ongoing action or final result (e.g., decision making, development). When discussing process in this sense, we presume that a set of activities have occurred between the particular start and end points, but our interest is in the occurrence of the final event or outcome (Langley *et al.*, 2013). This is a natural consequence of zooming out in the interest of providing a broader overview on a longer timeline. In this sense, we can think of process as having a fractal structure (Dimov, 2019), whereby each so defined process entity in fact consists of smaller process entities.

This raises a broader point about the observer-relative nature of time. External observation affords the luxury of being able to totalize and order events (on a timeline) that to the acting person exist only in succession (Bourdieu, 1990). Similarly, as Bergson (1913/2001) articulates, it is the position of externality that turns time from pure duration into space, with the associated line as the medium on which to record its extension. Bergson offers the example of a straight line and a material point A on it. The point would see itself changing, but this

change would not necessarily be in the form of a line. To see itself moving along the line, the point needs to rise above (outside of) itself and perceive different points on the line, thereby forming the idea of space. In other words, in order to perceive a line as a line, one needs to step outside of it and take account of the void around it.

We describe entrepreneurs as tracing a journey in which sometimes the only constant is their evolving intent (McMullen and Dimov, 2013). As we make the journey a distinct, holistic unit of analysis, we see process in the second meaning of the term, as a sequence of events. In this sense, the holistic sense of entrepreneurial journey can be seen as a social structure, that is, collection of a particular set of interactions held together and given meaning by an underlying purpose.

Drazin and Sandelands (1992) offer an analytical framework that distinguishes three levels of social structure: observed, elemental, and deep. The observed level is the one at which an observer can make out a social fact such as an organization or, in our case, entrepreneurial journey. This is the level at which the journey is perceived in a holistic sense. At the elemental level, one observes the states and interactions of the actors that compose the designated structure. The elemental structure thus consists of what entrepreneurs do and with whom they interact, as exemplified by studies of nascent entrepreneurs (e.g., Carter *et al.*, 1996; Davidsson and Honig, 2003). The deep structure is not observable. It pertains to the (tacit) rules and positional information that drive the actions and interactions of the actors that create the elemental structure and, over time, give rise to the observed structure. Most importantly, these rules are recursive in nature, namely, they are applied repeatedly to the changing circumstances of the actors. In other words, deep structure pertains to how actors decide what to do based on the information they have at that moment and on how they tend to process it.

The sense in which the deep structure gives rise to its elemental and observed counterparts represents generative explanation, namely, specifying the mechanisms that give rise to a macroscopic regularity (Cederman, 2005). This approach has been developed with great rigor in computational social science, where the interest has been in explaining macroscopic social regularities from ‘the decentralized local interactions of heterogeneous autonomous agents’ (Epstein, 1999, p. 8). The related motto is ‘if you did not grow it, you didn’t explain its emergence’ (Epstein, 2006, p. 8). Thus, generative explanation focuses on heterogeneity, autonomy, explicit space, local interactions, and bounded rationality of the actors and their actions and interactions (Epstein, 1999). These define the positional information of an actor and the rule for converting it into action. The power of this explanation lies in its recursive nature, whereby the actions at one step affect the positional information for the next step. In this way, the recursive operation of the

mechanisms can generate non-linear paths and complex structures.

The recursive sense in which entrepreneurs act enables us to retain the primacy of the viewpoint of the acting entrepreneur and recognize that entrepreneurs act based on beliefs, aspirations, and available information, which are necessarily momentary, while also gaining an explanatory mechanism that reaches beyond the entrepreneur. The recursive sense of acting over and over in changing situations represents a cycle of perception and action. This idea is reflected in Piaget’s (1950) conception of cognitive development as a dialectic cycle of assimilation and accommodation and in Kolb’s (1984) experiential learning process, which builds upon Piaget’s ideas by adding intermediary stages of reflective observation and active experimentation. In organizational theory this is captured by an evolutionary process of organizing as a repeated series of enactment, selection, and retention (Weick, 1979).

We summarize these ideas in two propositions that will inform our model synthesis:

Proposition 1. The entrepreneurial journey rests on a recursive relationship between perception and action of a focal entrepreneur.

Proposition 2. Consequences – what happens in the world of an acting entrepreneur, lying outside the entrepreneur’s control – play a key role in the recursive process, following action and preceding perception.

Bringing together action and context

Entrepreneurship is inherently social. We adopt a basic definition of the social as the realm of human coexistence as interrelated ongoing lives and of social reality as ‘that part of the world to which experience gives us access that constitutes the realm of human coexistence’ (Schatzki, 1988, p. 243). In the sense, to state that entrepreneurship is social is to posit that the actions of a focal entrepreneur intersect the lives of other people and that the very success of an entrepreneurial endeavor is interdependent with other people. An entrepreneur’s actions can be directed towards other people, take place in spaces in which other people also operate, utilize resources to which others may also aspire or lay claims, and their ultimate success depends on the voluntary exchange commitments of others (McMullen, 2015).

To account for the social in a theory of entrepreneurial action requires a baseline conception of social reality. While such conception is typically implicit in research, making it explicit can help secure the foundation of the theory as well as contextualize existing theory of

entrepreneurial action. The question of the nature of social reality is one of social ontology. Reckwitz (2002) outlines three fundamentally different ways of explaining action and social order, representing different social ontologies. The first seeks to explain action in terms of individual interests, intentions, and purposes, and is exemplified by rational choice theory. It is also referred to as (methodological) individualism. In this conception of the social as a collection of ‘homo economicus’ agents, the social is simply the combination of individual interests. The central precept of methodological individualism is attributed to Max Weber’s (1922/1991) argument that only (individual) action is subjectively understandable. Yet, while Weber’s insight was primarily methodological – to privilege the action-theoretic level of analysis as a means to providing understanding of social phenomena – over time the emphasis has shifted to privileging the individual and commitment to rational choice theory (Heath, 2015).¹ The second approach seeks to explain action in terms of collective norms and values. In this conception of ‘homo sociologicus’ agents, the social arises through normative consensus. In between these lies a conception focusing on symbolic interaction and shared knowledge, offered by what Reckwitz labels ‘cultural theories.’

It is important to emphasize that these three types of social theory represent alternative descriptions of social reality, that is, different ways to conceptualize human coexistence. Each description lays a foundation of basic theoretical categories from which more specific theories can be developed. In this sense, they each offer a starting choice of perspective that grounds subsequent theorizing. This is in the same sense in which a firm can be described as organization of property rights and contracts, management of people, organization of operations or management of finances; or in the same sense as building a house starts with a choice of basic materials such as wood, bricks, glass or tin. Thus, no description is better or best in an absolute sense; its usefulness is grounded in the purpose of the theoretician, business consultant, or builder.

With this in mind, we acknowledge that the currently dominant theories of entrepreneurial action are grounded in (methodological) individualism, particularly in the sense of privileging the individual as a locus of explanation. In this conception, individuals formulate their intentions in consideration of their individual beliefs and desires (e.g., Ajzen, 1991), processing the information provided by their context to formulate a best course of action. In this sense, the realm of the social is mediated through individual cognition and serves as an input to judgment through the individual’s implicit theory of it –

his or her perception of other agents and their preferences, formed and updated by the information signals received from them. It is in this sense that entrepreneurs evaluate opportunities (Grégoire and Shepherd, 2012) and exercise empathic judgment (McMullen, 2015). This is a perfectly workable account of the social, with other agents simply seen as objects from a focal, subjective point of view. It is useful in that it enables the formulation of decision theories based on economic principles, for example the view of entrepreneurial judgment that arises from Austrian Economic perspective (Foss and Klein, 2012).

To adopt a different starting perspective is not to argue that the above view is wrong, but to invite exploration of what the new perspective can achieve. If we infuse the above ‘homo economicus’ with a reflective stance, rising above the driving seat of the situation and seeing themselves as subjects operating among other subjects (to whom they are objects), then other people become agents with whom they interact rather than simply epistemic objects. We still aim to preserve the primacy of the action by an individual agent, but we now have an expanded set of conceptual tools to theorize about other agents and thus transcend the individual as the sole frame of reference. In this sense, we re-connect with Weber’s original emphasis on the methodological commitment to the action-theoretic level of explanation, without drawing boundaries around an individual. This will help highlight things that we currently take for granted, yet are not easily explicated within current theories of action. For example, when an entrepreneur meets an investor and pitches his or her idea, there is a shared understanding between the two in terms of what is happening and what roles each of them plays. And how is it that we can use the term ‘pitching’ here without having to explain it, confident that our audience knows what we mean? Similar shared understandings exist in the context of making a sales call or holding an employment interview. Indeed, most of the things that an entrepreneur does, we can use as self-evident terms. Where does this self-evidence come from and where does it reside?

We adopt a social ontology of practices, and particularly the perspective articulated by Schatzki (1996, 2002). We acknowledge that there are a range of practice perspectives (e.g., Giddens, 1984; Bourdieu, 1990) and an even broader array of cultural theories to which practice perspectives belong (Reckwitz, 2002). All practice perspectives share Heidegger’s idea of thrownness, of human existence being thrown into an arbitrary world, as well as Wittgenstein’s idea that human activity rests on something intelligible to a particular way of life that cannot be explicitly formulated. We see in the usage of the concepts and language of Schatzki’s view a productive synthesis with our focus on understanding entrepreneurial action. Again, this is a choice that we cannot justify as best but would like to demonstrate as useful.

¹We thank an anonymous reviewer for highlighting this nuance.

The perspective we adopt is developed in two major works (Schatzki, 1996, 2002). It focuses on site as an ontological ‘home’ of the social that differs from, yet acknowledges alternative individualist and societist ontologies. It retains individual agency as a driver of change, while acknowledging that not all features of social affairs can be reduced to individuals. It also retains the notion that social life transpires in a milieu, while acknowledging that its horizon is ever evolving. The central thesis of this work is that the site of human coexistence is a variegated and constantly evolving mesh of orders and practices. Orders refer to the configuration of things, while practices refer to organized human activities, ‘temporally unfolding and spatially dispersed nexus of doings and sayings’ (Schatzki, 1996, p. 89). Thus, orders exist and evolve in a context of practices, and practices exist and evolve in a context of orders. The mesh is held together by ‘sinews’ that connect practices and orders with each other.

Social life is marked by social orders. Schatzki discusses a conception of order as an arrangement of things – people, artifacts, organisms, and things – a set of nexuses, that determine relative positions not only in terms of space, but also in terms of meaning (what something is) and/or identity (who it is). Thus, an arrangement is ‘a hanging together of entities in which they relate, occupy positions, and enjoy meaning (and/or identity)’ (Schatzki, 2002, p. 20). This conception of order rises above more restrictive conceptions such as regularity, stability, and interdependence. Thus, an order can be regular or irregular, stable or unstable, and encompass one or two-way dependency.

Social life transpires through practices. Schatzki (1996, 2002) elaborates that the linkages in the nexus of doings and sayings that constitutes practices occur through four mechanisms: (1) practical understandings of what to say and what to do (intelligibility); (2) explicit rules, principles, precepts, and instructions; and (3) ‘teleoaffective’ structures such as ends, projects, beliefs, emotions, etc, and (4) general understanding of how the world makes sense. This conception of practice enables us to see in the doings and sayings of an entrepreneur the performance or ‘do-ing’ of a practice, which at the same time sustains the practice as a nexus of doings and sayings.

Importantly for our theoretical purpose, this perspective enables us to conceptualize different forms in which the life of the entrepreneur hangs together or interrelates with other human lives. One form relates to the interpersonal structuring of mentality and practical intelligibility. This encompasses two modalities of commonality and orchestration. The former arises when the same understanding, rules or teleoaffective structures are expressed in the actions of different people. For example, we can hear different entrepreneurs talking about pre-money valuation, MVP, or raising Series A funding. The

latter arises when the understanding, rules and teleoaffective structures that guide the actions of different people are non-independent. An example of this is when entrepreneurs prepare funding pitches on the understanding that such pitches are part of the venture capitalist investment selection practices.

Another mechanism is intentional relations, whereby the actions or situation of one person are objects of another person’s actions. When an entrepreneur solicits feedback from a potential customer it is with the intention of ultimately creating something that the customer would want to buy. This reflects the earlier idea of consequences as arising from the actions of other agents. Third, lives hang together through settings. This includes different people finding themselves in the same setting – such as when entrepreneurs visit the same company as a potential corporate client – as well as the particular arrangement or physical set-up of a given setting, such as an open office space in a venture incubator or accelerator. It also includes the non-independence of actions in the same setting across time or at the same time in different settings. Examples of this include product development activities undertaken in the same office across time or at different locations at the same time. Finally, lives hang together through chains of actions, whereby each action is performed in response to previous actions. The actions that constitute the development of a business idea evolve in response to feedback and reactions by potential customers, suppliers, employees and investors. This idea links back to our discussion of recursivity in the previous section.

We summarize these ideas in the following propositions for our model synthesis:

Proposition 3. The mentality and practical intelligibility that underpin an entrepreneur’s perceptions and actions are grounded in the social practices that the entrepreneur performs.

Proposition 4. An entrepreneur’s perceptions and actions hang together with the lives (thoughts and actions) of other people through the settings in which they take place.

Perception and action as discursive transitions

Having located the acting entrepreneur (1) in a recursive loop, intertwined with the actions of other agents, and (2) in a mesh of social orders and practices, we can now move to outline the discursive nature of perception and action. What makes people *sapient* rather than merely *sentient* is their use of concepts, that is, of language as a conceptual medium and thus engagement in discursive

practices, whereby they use concepts to communicate (Brandom, 2000). Brandom (2000) outlines a rationalist pragmatist account of meaning and knowledge that emphasizes their expressive role that underpins the symbolic nature of human action. In his words, ‘once concept use is on the scene, a distinction opens up between things that have natures and things that have histories’ (Brandom, 2000, §96). The use of concepts is seen as a linguistic affair in which linguistic expressions can be understood through their role in reasoning, in the social practice of giving and asking for reasons. In this sense, cognitive activity is seen not as passive reflection, but as active revelation, an inferential articulation that makes the implicit explicit; ‘turning something we can initially only do into something we can say: codifying some sort of knowing how in the form of a knowing that’ (Brandom, 2000, §92–93).

This account builds upon and extends several seminal ideas in philosophy. First, it continues the ideas of Sellars (1963) and Wittgenstein (1958) that grasping a concept is mastering the use of a word, which entails making correct moves in respective language games. Second, it loops back to Kant’s classic idea that action and judgment express commitments for which we are answerable and which are rational in the sense that we can offer reasons for our entitlements. In this sense, judgment and action can be seen as the application of concepts, with ‘concepts as the *rules* that determine what knowers and agents are responsible for – what they have committed themselves to’ (Brandom, 2000, §872).

Brandom’s approach considers beliefs and intentions in terms of the normative statuses and attitudes corresponding to them. In this regard, he distinguishes two types of discursive commitment. A *cognitive* (doxastic) commitment is what one takes or acknowledges as true (takings-true) and corresponds to beliefs. A *practical* commitment is a commitment to act, what one intends to make true (makings-true), and corresponds to intentions. Practical commitments are related inferentially to other practical commitments via means-end considerations or impracticalities, and to cognitive commitments. Such modeling of intention on belief highlights the sense in which practical reasons are *reasons*.

A second element of Brandom’s approach draws an analogy between action and perception via the relationships between the associated practical and cognitive commitments and states of affairs. Observation (perception) is thus a discursive *entry* transition that ‘depends on reliable dispositions to respond differentially to states of affairs of various kinds by acknowledging certain sorts of commitments’ (Brandom, 2000, §902). In turn, action is a discursive *exit* transition that ‘depends on reliable dispositions to respond differentially to the acknowledging of certain sorts of commitments ... by bringing about various kinds of states of affairs’

(Brandom, 2000, §903). Such modeling of action on perception highlights the sense in which practical reasons are causes. Within what Brandom terms ‘the deontic scorekeeping model of discursive practice,’ intentions are to reasons as commitments are to entitlements.

Another element of Brandom’s account is the notion of material inference as such that its correctness determines the conceptual contents of its premises and conclusions. In this sense, the conceptual content of an expression is conferred by material references in which it is entwined. Thus, ‘conceptual contents are inferential roles ... [and] the inferences that matter for such contents in general must be conceived to include those that are in some sense materially correct, not just those that are formally valid’ (Brandom, 2000, §612). Brandom’s fundamental thesis is stated as follows: ‘normative vocabulary (including expressions of preference) makes explicit the endorsement (attributed or acknowledged) of material proprieties of practical reasoning. Normative vocabulary plays the same expressive role on the practical side that conditionals do on the theoretical side’ (Brandom, 2000, §969–970). Normative vocabulary serves as a logical vocabulary in an expressive sense, making explicit one’s commitments to inferences. We are rational creatures to the extent that our cognitive and practical commitments make a difference to what we do.

Practical commitments, while in force, have consequences: (1) for other practical commitments (and entitlement to them) via means-end considerations or impracticalities and (2) for cognitive commitments (and entitlement to them). In view of this, Brandom’s account distinguishes: (1) acting intentionally, as the acknowledgement of a practical commitment by producing a corresponding performance; (2) acting with reasons, as the entitlement to such a commitment, that is, providing practical reasoning that explains why one acted as one did (what reasons were there); and (3) acting for reasons, when the acknowledgement of practical commitment arises from proper reasoning.

Applied to the context of entrepreneurship, these ideas highlight the need to acknowledge the discursive context in which entrepreneurs operate, whether in the articulation and validation of their ideas or in the acquisition of resources and enlisting of support. They offer a more tangible specification of what Wood and McKinley (2010) refer to as an envisioned future (opportunity) becoming objectified based on agreement achieved through interactions with others. We summarize these ideas in the following propositions for our model synthesis:

Proposition 5. Perception represents a discursive entry transition, whereby an entrepreneur responds to states of affairs by acknowledging cognitive commitments (beliefs).

Proposition 6. Action represents a discursive exit transition, whereby an entrepreneur responds to acknowledged commitments by bringing certain states of affairs.

Proposition 7. Entrepreneurial action is always intentional, but it can be: (1) without reasons; (2) with reasons; or (3) for reasons.

Summary of model

Figure 1 provides a summary of our model. It integrates the propositions presented so far to highlight several important aspects of entrepreneurial action. First, it is recursive in that a focal agent’s perceptions and actions operate interdependently over time: what they see affects what they do; and what they do affects what they see. Second, the focal agent operates among other agents who respond to the agent’s actions and whose actions affect the agent’s perception and action via the consequences they generate for the focal agent. The focal agent and other agents are connected through social practices and settings that define how their lives hang together. Third, the focal agent’s perception and action are entwined in a context of discourse within which their meaning arises. The discursive entry and discursive exit thus represent two main levers that can shape entrepreneurial action.

Discursive entry pertains to the interplay of cognitive commitments (beliefs) and entitlements, i.e. whether entrepreneurs can make such commitments with or without requisite entitlements (i.e., by offering reasons). When entrepreneurs act, they do so on the basis of certain beliefs about the current and future states of affairs of the

world. Sooner or later, these beliefs have to be explained to others who may challenge the entrepreneur’s entitlements to such beliefs.

Discursive exit pertains to the interplay of practical commitments (intentions) and reasons, that is, whether entrepreneurs can undertake such commitments with or without requisite entitlements (i.e., by offering reasons). Again, when entrepreneurs act, they have certain intentions in mind for what they aim to achieve, namely, what states of affairs they would like to bring about. These intentions can be challenged by others and entrepreneurs may have to produce reasons. The important point in both cases is that the very reasoning that takes place may shape the entrepreneur’s beliefs and actions. This is key part of the calibration of meaning that takes place as entrepreneurs try to explain themselves to others (Dimov, 2018).

A good example of how the discursive entry and exit come into play is entrepreneurship within an existing organization. In such an environment, marked by emphasis on accountability and reliability, one would be asked to justify their actions and the underlying beliefs will be evaluated. Indeed, because in the early stages of an entrepreneurial journey the entrepreneur may have nothing else to offer but promises and aspirations, discourse becomes essential as these are to be traded for tangible resources.

Discussion

Model relevance and use

In what way is this model relevant or useful? We mentioned earlier that the merits of our distinct social

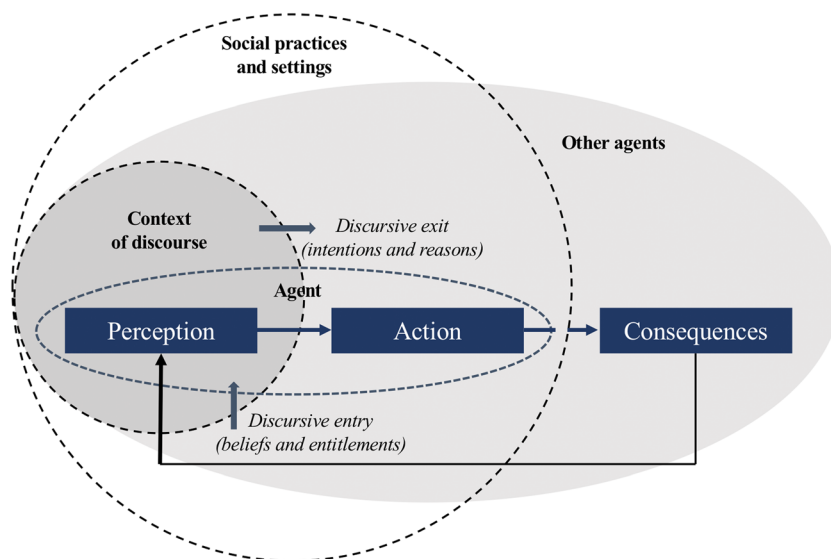


Figure 1 Recursive and discursive model of entrepreneurial action [Colour figure can be viewed at wileyonlinelibrary.com]

ontological perspective would be demonstrated through its usefulness. At its core, a model is a tool that one uses to discuss entrepreneurial action and entrepreneurship more broadly. As such, it stands between an observer (e.g., an academic scholar) and an entrepreneurial agent. The proposed model seeks to redefine the relationship between observer and agent in a profound way.

We build upon Kant's (1785/1959) distinction between noumena and phenomena in how rational beings can consider themselves in the world. Noumena are things as they are in themselves and phenomena are things as they appear to or are experienced by others. As observers, the world appears to us in a phenomenal sense. But as agents, we are noumena – we take ourselves as active beings, thinking and choosing – even if to others (observers) we appear as phenomena. Put differently, there are two qualitatively different points of view from which to experience the world: first-person (subjective or noumenal) and third-person (objective or phenomenal). These define different engagements with entrepreneurial action (e.g., McMullen and Shepherd, 2006), the former from the 'cockpit' or driving seat of the action and the latter from a distance, outside of it, as something person-neutral.

The more formal point here is that the experiences associated with these points of view are distinct and not reducible to one another. As Searle (1994) argues, what is unique about consciousness and intentionality is that they have a first-person ontology and, as such, are not reducible ontologically to neurophysiology, even if they can be causally explained by neurophysiological processes. The key, as Searle points out, is making explicit the distinction between ontology (what is it?), epistemology (how do we find out about it?) and causation (what does it do?). The quest for objectivity makes epistemology assume a third-person stance, yet 'the third-person character of the epistemology should not blind us to the fact that the actual ontology of mental states is a first-person ontology' (Searle, 1994, p. 261). Mental states are always someone's mental states – the first-person point of view is primary. In other words, a first-person ontology is not reducible to a third-person ontology, that is, 'a mode of existence that is independent of any experiencing agent' (Searle, 2004, p. 98).

Associated with these distinct experiences are distinct varieties of knowledge. The seminal work of Davidson (2001) distinguishes three varieties of knowledge – subjective (first-person), intersubjective (second-person), and objective (third-person) – each concerned with the same reality yet different in terms of its mode of access to it. That they are not reducible to each other is the essence of Davidson's famous claim that they form a tripod: 'if any leg were lost, no part would stand' (Davidson, 2001, p. 220). To express our thoughts we

need a language, to have a language we need to know other minds, and to know other minds we need a shared external world against which to triangulate meaning.

Against this background, we point out that traditional, scientific theory adopts a third-person perspective, working with ontological elements that can be verified through observable behavior. As such, it shuns the first-person view on the grounds of its inaccessibility to independent verification – thereby replacing the language and time of the entrepreneur with that of a totalizing scientist (Bourdieu, 1990). Although our model could be applied in a third-person sense – indeed, we derived it from existing theories of entrepreneurial action while considering the sequential nature of action, other agents, social practices, and discourse – we aim for it to engage with the first-person view. Even though it is possible to refer to time, social practices, and discourse in a third-person sense, separated from the experiencing agent they become empty categorical labels, void of meaning. It is by the same token that we can state that all entrepreneurs act, without really having a clear sense of what this actually means in more concrete terms.

Seeking to engage with the first-person view reflects the impossibility of adopting it as a stance for theorizing: for this would mean stepping away from our current task of thinking about entrepreneurship and writing this paper to become engulfed in entrepreneurial activity. We cannot have experience of this activity as such because to experience something is to be passively receptive to it. And the very notion of a model suggests a reflective stance, one that externalizes the activity. The very roles of scholars that we have assumed in writing this paper presupposes standing apart from entrepreneurial activity. Therefore, our model operates in a second-person sense, enabling us to stand apart from entrepreneurial action while remaining sensitive to its first-person ontology. It becomes a conversational tool for engaging with entrepreneurs, aiming to know their minds without subsuming their contents into third-person epistemological categories. Even when we act as entrepreneurs ourselves – that is, when we adopt the first-person viewpoint – thinking about what we are doing implicitly shifts us to a second-person point of view, whereby we stand apart from our acting selves while remaining privy to their deliberations.

When we say that entrepreneurs act, action becomes something that entrepreneurs are responsible for. Our model is in this sense an attempt to hold them responsible. Korsgaard (1996) distinguishes two ways in which we can do so. The first is theoretical – it treats responsibility as a fact about the person in question, to be placed in a causally deterministic relationship with other facts. Indeed, the term theory originates from the Ancient Greek *theoria*

(θεωρία), meaning looking at, beholding.² It thus relates to our formation of certain beliefs about the person as an external object. It reflects a third-person viewpoint. The second way of holding someone responsible is practical – placing ourselves in a relationship with the person and sharing reasons, looking for more than simply ascertaining a voluntary act. Sharing the reasons for what someone does reflects a second-person viewpoint.

As thinkers and choosers, we take ourselves as active beings even if we cannot experience ourselves as such. As Korsgaard (1996, p. 204) points out, ‘reason has two employments, theoretical and practical. We view ourselves as phenomena when we take on the theoretical task of describing and explaining our behavior; we view ourselves as noumena when our practical task is one of deciding what to do. The two standpoints cannot be mixed because these two enterprises – explanation and decision – are mutually exclusive.’ In other words, the (causal) laws of the phenomenal world are *about* us – they describe and explain what we do. In contrast, the laws of the noumenal world are *addressed to us* (for us) – they govern what we do. Korsgaard (1996, p. 204) argues further that there is no standpoint from which both the theoretical and practical conceptions apply: ‘For freedom is a concept with a practical employment, used in the choice and justification of action, not in explanation or prediction; while causality is a concept of theory, used to explain and predict actions but not to justify them.’

Framed within a choice of treating entrepreneurs as subjects vs. objects, our model leans towards the former. It acknowledges entrepreneurs as moral and rational agents and, on this basis, aims to hold them responsible for the ends they choose and the actions they undertake. In this sense, we forsake the traditional viewpoint of the social scientists – from which entrepreneurs are objects and their actions phenomena to be described and explained. Rather than talking *about* them, we seek to address them as decision makers, as ‘fellow inhabitants of the standpoint of practical reason’ (Korsgaard, 1996: xi), whereby we consider what it is like to do their actions.

Mediating theory and practice

Practice needs theory: every acting entrepreneur needs a way of thinking about the goals they pursue and the situations they face, as a means to articulating or giving meaning to what to do. And theory needs practice: every thinker about entrepreneurship needs a reaffirming sense that their concepts can be useful for coping with the reality of entrepreneurship.

As Dewey (1960, p. 267) argues, ‘To assume that anything can be known in isolation from its connections

with other things is to identify knowing with merely having some object before perception or in feeling, and is thus to lose the key to the traits that distinguish an object as known.’ This suggests a need to reconnect theory and practice, the third-person view with the first-person view. Henry Bergson’s famous maxim becomes relevant here: ‘Think like a man of action, act like a man of thought.’ (Forbes Magazine, 1950, p. 442). It is in the mediating role of the second-person view that these two stances meet. It translates the a-personal nature of the third-person view into principles to which one can relate (i.e., they become actionable). Similarly, it translates the immersed nature of the first-person view into broader insights to which others can relate.

Our model acts as a translation scheme for these two views to interface. To revert back to the analogy of using different camera angles as a way of understanding entrepreneurial action, it mediates between the head-shot and the wide shot and between the aerial shot and the wide shot. In the spirit of Davidson’s tripod, it offers a language through which: (1) entrepreneurs can share their experiences as thinkers and choosers and (2) scholars can situate their abstract explanatory frameworks.

In the former sense, it enables entrepreneurs to reflect on their experience and question the tacit content of their expertise, directing attention to how they think and deliberate actions and enabling them to express their thoughts in terms of the framework of discursive entry and discursive exit. It helps them make explicit the beliefs that inform their deliberations and reason about their entitlements to such beliefs. It also helps them make explicit the intentions behind their actions and discuss the reasons (if any) behind them. As such, the model facilitates self-reflection on what entrepreneurs see and what they do.

In the latter sense, the model helps populate the abstract categories of scientific explanation with the content of discursive and other social practices. Terms such as strategy, business model or self-efficacy can be recast in terms of specific concepts, actions or beliefs. This can help entrepreneurs locate themselves within their external, social world and thereby triangulate the meaning of what they do. It helps make them sensitive to the actions of other agents as sources of uncertainty, unpredictability and meaning, generating consequences to which entrepreneurs respond.

From a first-person point of view, creating a new venture entails getting others to participate in one’s plans by buying a product or service or contributing to its production. Acknowledging that those others are also first-persons brings attention to their noumenal natures as active thinkers and choosers, whose voluntary participation in the focal venture depends on being effective in a game of reasoning. Engaging in this game

²‘Theory,’ in *Wikipedia: The Free Encyclopedia*; available from <https://en.wikipedia.org/wiki/Theory>; retrieved 13 December 2018.

requires one to reflect on the social practices and settings in which one and the others participate.

The model helps researchers, educators and entrepreneurs connect at the second-person level by establishing a conceptual and linguistic bridge between scholarly research and scholarly teaching and coaching and reflective practice. It provides scaffolding from the third- to the first-person view and vice versa. Rather than looking for direct application of theory or direct inference from practice, it offers a dynamic meeting place for design principles and practical insights (Berglund *et al.*, 2018), the interplay of which can spur both further theorizing and more reflective practice.

In conclusion, unlike the natural world – with which the academic can engage in one-way contemplation, without having to worry whether his/her conception is relevant within that world – the social world requires a two-way dialogue. While stones do not communicate with us and are always regarded by us as objects, entrepreneurs are people just like us and thus can take a view on how we view them. What are objects of scientific rigor in one moment become subjects of practical relevance in the next. The role of the entrepreneurship scholar is thus to navigate and entwine both points of view: looking at entrepreneurs and thinking about them as objects, and looking with them and addressing them as subjects. In one case we create a map to make sense of the space in which they operate (a model of); in the other we offer a mirror to help place themselves on the map and improve their practice (model for).

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