

The Reinvention of Academic Entrepreneurship
by G. Dale Meyer, PhD

Introduction and Overview

What a delight it is have this “essay” invited to appear in this edition of the *Journal of Small Business Management*. Most of the research articles included in this issue was written by several of the courageous pioneers of the once incipient academic field of entrepreneurship. In addition, my very favorite former doctoral student and her co-author created a cutting-edge article on entrepreneurial education that is not only superlative but also a “must-read” for dedicated professor/teachers. Dr. George Solomon, Editor of JSBM has my sincere appreciation for creating and organizing this Special Issue.

In the heat of the long “battle” advocating the legitimacy of academic entrepreneurship, few, if any, of we early advocates predicted the great swarm of colleges and universities that now embrace the academic entrepreneurship discipline. Present-and-growing, one now finds academic departments, hybrid departments, institutes, centers and even one encompassing school now focusing on academic entrepreneurship. I celebrate the positive outcome after the long trek for acceptance and support for entrepreneurship in the academic world. That world often is known to resist change (as one long-ago colleague often said “changing a university is like moving a cemetery”). I applaud the teachers and researchers who are currently plowing the ground by teaching entrepreneurial “skills” and researching and publishing “entrepreneurship” content in the huge number of academic journals now open to SME and entrepreneurship subject matter.

My focus here, however, is on a number of “elephants in the room.” I have been known for pointing out such elephants – such as the worship of the rational business plan in curricula; the blind pursuit of magazine entrepreneurship reputation rankings; and that academic entrepreneurship is not the property of B-Schools. Who better to point a few foibles and stumbling blocks than an old guy (Dr. Quandam Erstwhile – look up the words folks). As I cite the issues that seem important to me please keep in mind that it is not my purpose to criticize anyone in particular. So, with the foregoing disclaimer on the table it is now time to visit the elephant. Most of my comments herein are relevant to the valid reexamination of higher education both in the United States and worldwide. Universities, four-year and community colleges are receiving great attention by the voting public particularly in the United States. Each day I read the Chronicle of Higher Education online – try it and you will be quite surprised about how the dialogue is

changing. The relationship between teaching and research is a very hot topic. Academic entrepreneurship is now a part of the “publish or perish” higher education milieu so it is a part of the public call for accountability. In my opinion many calls for change are slowly stewing and academic entrepreneurship as well is about to enter a new and unique stage of its existence.

Author’s Interdisciplinary Background

This essay will make more sense to the reader if I state up-front that my lifetime intellectual background and pursuits have been and continue to be purposefully interdisciplinary. Rather recently it has occurred to me that I was one of the first scholars (or perhaps the very first) in the USA to complete a PhD in what is now labeled “behavioral economics.” My background educational foci can be found at the end of this essay. This is the first time that I have revealed these few background facts in succinct form. Hopefully the reader will not conclude that I am being bombastic by placing this information in this essay – I detest that type of behavior. Perhaps this information will allow the reader to analyze the origins of the biases that this essay contains. Now it is about those elephants.

Elephants and More Elephants

First, with the academic entrepreneurship boom going strong, is it not about time that rigorous measurements of results and accountability be required? Accountability is more than cheer-leading; it is providing metrics to report results that create a platform for improvement. Those academic entrepreneurship programs that are, in fact, conducting rigorous measurement on how entrepreneurship education and research are benefiting students and society should also publish their results in academic journals and in other media that reach important populations. Over 10 years ago in what was then labeled the USASBE Coleman White Paper Series, I spoke of the dangers in magazine reputation rankings. These rankings have proliferated and **all** PR materials of ranked entrepreneurship programs loudly tout their rankings. Sorry, but rankings are not rigorous metrics to account for the results of academic entrepreneurship.

Second, academic entrepreneurship is constrained by old paradigms that are primarily the products of **neoclassical economics** and its attendant theories. Another of my former PhD students, Sharon Alvarez of Ohio State, now focuses on theory building in academic entrepreneurship. Alvarez has published articles and a monograph titled *Theories of Entrepreneurship* (2005). And economist Scott Shane published a book in 2003 titled *A General Theory of Entrepreneurship*. Alvarez and Barney convened a conference at Ohio State in October, 2005, funded by the Kauffman Foundation, focusing on “the theory of the entrepreneurial firm”. Most of the papers from this conference appeared in a Special Issue of the *Journal of Management* of October, 2007. My point is that, when one examines carefully the scholars and the academic jargon utilized in these efforts at entrepreneurship theory building, it is apparent that **economic theory** is the overwhelming backbone of what is presented and published. The modern field of strategic management attained legitimacy by assimilating industrial organization

economics. Why comment on this? – The Academy of Management Entrepreneurship Division greatly overlaps membership with the AOM Strategic Management Division. This overlap is one of the reasons that Ted Baker was able to assert in *Strategic Organization* (2007) that “strategy is succeeding in its takeover of the academic field of entrepreneurship”.

It was interesting to scan the **set of terminologies** that are utilized in the Alvarez and Barney efforts: theory of the firm, transactions costs, incomplete contract theory, uncertainty, resource-based theory, competitive imperfections, economic value, et al. Barney views himself as an economist - not formally a PhD economist but self-taught; his reputation is built on concepts drawn from economics, particularly resource-based strategy (not a theory in my definition). The modern version of strategic management scholarship draws directly from neoclassical economics through industrial organization (IO) economics. Economists in times past used to label their discipline “the imperial social science”. My purpose for the focus on economics and its ideologies tracks directly to my earlier statement that “academic entrepreneurship is about to enter a new and unique phase of its existence”.

Third, academic research in entrepreneurship has forfeited much of its uniqueness at the alter of academic journal publishing leading to tenure. Historically, young PhDs focusing on entrepreneurship were counseled early in their careers before tenure to publish in “A-level” journals. In addition, they were apprised that these journals would not publish entrepreneurship subject content. The validity of this advice can be questioned but, personally, I knew quite a number of young scholars who were denied tenure even though they had published in the available entrepreneurship journals. This perhaps faux situation has changed dramatically partially due to the fact that entrepreneurship journals have transformed themselves to accommodate tenure portfolios. The research designs, database creation, and econometric statistical techniques are the key to the A-level journal count. This transformation to the A-level journal model progression is over 50 years old in business disciplines. The Gordon-Howell Report and the Pierson Report in 1959 created scathing and seminal critiques of American B-Schools. Business-related journals went quickly to borrow the normal science paradigm and the quantitative techniques utilizing secondary databases imbued with the econometrics of neoclassical economics. I am a product of the neoclassical economics research model based on econometrics and what I have named “database dances”. Chasing legitimacy in the name of “rigor” and tenure made it quite rational for entrepreneurship journals and scholars to mimic neoclassical economists. New variations of multiple regression, structural equation modeling, and econometric equations clearly dominate the research methodologies utilized by the “new breed” faux economists publishing in A-level entrepreneurship journals. It certainly helps that the new versions of research software are astounding in creating tables, graphs, and other visual magic for presenting research results. Journal articles in entrepreneurship now look dramatic and erudite.

Fourth, it is notable that the topics that are chosen for research are often compatible with easily available secondary databases. Examples of this are the plethora of articles that deal with venture capital, IPOs, and other financial topics. In addition the richly endowed Kauffman Foundation has worked hard to create and lobby for more

small business databases to support research in entrepreneurship. This comes as no surprise since the CEO and his research director at Kauffman are educated in economics. But consider the following: Abraham Maslow in a neglected book titled *The Psychology of Science* (1966) spoke of “problem-centered” and “means/methods-centered” research. In problem-centered research the “messiness” of the research project is put aside because it can create real understanding and advance science. In the “methods-centered” approach to research, one is schooled in “rigorous” methods that are ready to be applied, and then the statistical technician researcher looks for a research problem on which to apply that magical method. Presently I am about to finish a research project that will definitively show changes in “entrepreneurship” research topics over the past 30 years. I am working with a developmental mathematician at Mathematica to utilize a new content analysis program that no social scientists have ever seen or used (I consider entrepreneurship to be a social science). Early results confirm my hypothesis that entrepreneurship research in the past 10 years has been method-driven and not problem driven. Again, tenure drives much of what happens in the academic world.

Fifth, entrepreneurship theory building, research, and teaching mostly ignore the effectual creative energy of real entrepreneurs. Some of my colleagues are aware that in addition to my 35 years in academia that I left that world midway in my career to found and successfully grow three thriving entrepreneurial businesses. These are not small hobby businesses but those that eventually catalyzed their way to millions and one to billions of dollars in revenue. I know just a little firsthand about the creative processes of true entrepreneurs. Entrepreneurship theory building and research by academics have the potential to understand more.

Creativity and creative self-organizing systems are mostly neglected in entrepreneurship curricula. The Neck and Greene paper in this issue of JSBM is worth not only reading but also applying to the teaching of entrepreneurship. It is built on the neglected creative self-organizing process that is so fundamental to entrepreneurship. As I wrap up this essay, I will offer what I consider a new way to theorizing about entrepreneurs and entrepreneurship.

Sixth, another elephant in the room is the blurring of the domains of entrepreneurship and SME management. Pascal Zachary wrote an op-ed piece in the *New York Times* that appeared on June 3, 2007 titled “*Creativity and Misfits as the Genesis of Entrepreneurship*”. In this editorial Zachary also mentions Kuhn’s analysis of paradigms. Zachary argues that what is often ignored in Kuhn’s theses is that for long stretches of time institutions [for example, research paradigms, small business management, academic research] continue established regimes growing blind to signs that “the times are a-changin.” During these times, quietly in the background are those “creatives” who “see the unseen wind” of a new grand vision. And the contented “gatekeepers” continue to mend their fated garden. Some SME owners and managers are certainly among the creative coterie. However, the SME processes are seldom creative in the same mode as are the most successful and society-changing entrepreneurs. Don’t get me wrong here, SMEs are critically important to any economy. Academics can provide support to these businesspeople. The parent of the International Council for Small Business (ICSB), owner of this JSBM Journal, was an organization founded in 1962 and named the National Council for Small Business Management Development (NCSBMD). And this

JSBM Journal that was founded by NCSBMD was first named the Journal of Small Business **Management Development**. The ICSB Board in ~ 1998 rejected adding entrepreneurship to the name of that organization. Rather ICSB settled on a tag line placed under International Council for Small Business reading “advancing entrepreneurship worldwide”. Aaron Wildavsky in 1973, when planning and “strategic planning” were arising like rockets in both the private and public sectors, wrote a classic and imitated article “*If Planning is Everything, Maybe it’s Nothing*. What Wildavsky was arguing is that when a concept becomes everything to everybody, solving all, then the concept becomes meaningless. It reminds me of the use of the word “dude”.

My point is that the public and entrepreneurship scholars alike need to distinguish what is meant by an SME as contrasted to entrepreneurship or entrepreneurial firms and/or organizations.

Renowned Professor Jonathan R. T. Hughes in 1983 stated the following about how Professor A. C. Cole, who founded and directed the Harvard Center for Entrepreneurship History from 1948-1958. Cole defined what entrepreneurship research should focus upon. Hughes quotes Cole as follows:

“The study of entrepreneurship is similar to the study of **creativity** in any field, for example, musical composition. On the grand scale of Schumpeter’s conception (“creative destruction”) to the more modest approach of Kirzner (the entrepreneur as arbitrager), it is **creativity**, originality which should be the central focus of entrepreneurial studies. The entrepreneurial contribution is precisely that of original perception, new ideas, new departures. The unexpected is made to happen.”

(Hughes, 1983, p. 136).

Hughes had several conversations with Professor Cole including near Cole’s death in 1974. Hughes makes a rather sad statement “from discussions I had with Professor Cole toward the end of his life, I got the impression that he considered his entrepreneurial history enterprise to have been a failure.” (Hughes, 1983, p. 135) Hughes also makes a statement that catches my attention:

“Appalling enough, the most recent excursions into the entrepreneurial regions by economists display no apparent knowledge of the earlier voyages launched from the Harvard Center in the 1950s.”

(Hughes, 1983, p. 134)

Professor A. C. Cole died in 1968 at age 89. Jonathan R. T. Hughes died in 1992 at the age of 64. M.I.T. economics professors including Nobel Laureate Paul Samuelson and his neoclassical economics cohort eliminated any interest or focus on the entrepreneur or entrepreneurship while they pursued their econometric, equilibrium-based neoclassical economics careers. Equilibrium economics left no room for the entrepreneur. Even though Joseph Schumpeter was a professor at Harvard from 1932 until his death in 1950, he was best known for his work on business cycles while also

writing about the dynamics that the entrepreneur brings to economic development. I could spend much more space on how and why neoclassical economists ignored entrepreneurship because entrepreneurs did not fit their econometric models. I know the territory well, been there, done that.

A New Paradigm for Entrepreneurship Research Teaching at the Back Door!

My personal view is that both economists and economist wanna' be's who are the current gatekeepers in entrepreneurship are leading others down a dead-end road. How many quite brilliant people who are not economists now read economics journals? Are entrepreneurship journals migrating down the same dead-end road that economics journals continue to travel? I say yes, but a new paradigm is rustling in the bushes.

Databases, including the now popular Panel Studies of Entrepreneurship Dynamics (PSEDs) and new government databases lobbied for by the Kauffman Foundation are stifling the past excitement of entrepreneurship research and teaching. Other countries are pursuing database development as well. Databases themselves can be useful but in economics-based disciplines they tend to dominate research designs and subjugate real human behavior. Sociologists and cultural anthropologists at one time became participant observers but now face the same database dance problem. In the research world of entrepreneurship the PSED focuses on "nascent entrepreneurs" but presents little if any information distinguishing true entrepreneurs from a single-person business or copycat SMEs. Given the obsessive focus on databases, creativity is left out research designs. Likewise, business plan-focused curricula focus only on step-by-step rationalism. The Schumpeterian *Unternehmergeist* is being hidden in both database/model testing research and worship of the business plan as the foundation of curricula.

The current generation of entrepreneurship scholars are leaving the entrepreneur out of entrepreneurship just as strategy scholars eliminated the general manager from strategic management. Where in database/model entrepreneurship research are the situational "in-the-place" studies, cases, and biographical analyses of the "wild spirits" and the "fiery souls" as Schumpeter labeled entrepreneurs. SME management and processes are important to study. But most SMEs are not about the creative soul of entrepreneurship. Such current areas of study as family business and franchises are important but are mostly not about entrepreneurship. Rather they are about small business management. Professor Bill Gartner has been the leading proponent for changing the what and how of research about entrepreneurship. Is anybody listening? I think so. The times will be a-changin'.

Entrepreneurship Research to Move the Paradigm

Two research and theory building studies of which I am a part are underway working with interdisciplinary scholars who are not economists, strategic management luminaries, nor SME researchers. In the text of this essay I mentioned my study to

provide a 30-year content and research methodologies project. Second, I have been working with several people associated with the Santa Fe Institute on the role of complexity science in entrepreneurship research. We are developing a theory working with both physicists and molecular biologists where entrepreneurship is seen as process in the autocatalytic self-organizing systems of Big History. My attention is on the following statement (among others) made by Stuart Kauffman in his 2008 book *Reinventing the Sacred*:

“If no natural law suffices to describe the evolution of the biosphere, of technological evolution, of human history, what replaces it? In its place is a wondrous radical **creativity** [gdm: and entrepreneurship systems and processes are among these]. Look out your window at life teeming about you. All that has been going on is that the sun has been shining on the earth for some 5 billion years. Life is about 3.8 billion years old. The vast tangled bank of life, as Darwin phrased it, arose all on its own. This web of life, the most complex system we know of in the universe, breaks no laws of physics, and yet is partially lawless, **ceaselessly creative**. So, too, is human history history and human lives. **This creativity is stunning**, awesome, and worthy of reverence.”

(Stuart Kauffman. 2008. *Reinventing the Sacred*. New York, Perseus Books)

In Sum, Oh Humm

In my opinion: (a) the academic field of entrepreneurship is “stalled” in both research and teaching; (b) modified economic theory and secondary database/model testing/econometric methodologies distance researchers from actual people and behaviors that catalyze entrepreneurs and entrepreneurship; (c) small business management and entrepreneurship are different phenomena – if entrepreneurship is everything, maybe it is nothing; (e) substantive entrepreneurship research is best created utilizing interdisciplinary theories and methods; and, (f) tenure and its gatekeepers are the “elephants in the room” that preclude more innovative and meaningful research and teaching in the field of entrepreneurship.

Entrepreneurship scholarship has, so far, mostly excluded rigorous examinations of complexity science. I highly recommend Bill McKelvey’s article in *Journal of Business Venturing* in 2004.

Appendix on the Interdisciplinary Background of the Author

This is the first time that I have revealed these few background facts in succinct form. Hopefully the reader will not conclude that I am being bombastic – I detest that type of behavior. Rather this information can help the reader analyze the origins of any biases that my essay contains. I have seldom before written or spoken about my intellectual interests and academic background with B-School colleagues or my many PhD students. The following bulleted highlights sketch a few pertinent facts to help frame my reasoning in this essay. The bullets below summarize a little of the quiltwork patches of my past and present.

- Continuous focus on interdisciplinary education from undergraduate and masters programs at Northwestern, to a combination of economics, social psychology and philosophy at the PhD level.
- PhD advisor and dissertation chair (George C. Hoyt, deceased) earned graduate degrees in sociology (Stanford) and social psychology (Berkeley).
- Comprehensive examinations at Iowa – Iowa City: (1) economic theory, IO economics; (2) social psychology; (3) philosophy of science.
- Decision on choice of PhD University made after receiving the highly sought, competitive Danforth Fellowship (five per year, first one outside the humanities).
- Searched the USA and Europe for a rigorous interdisciplinary PhD program in both economics and social psychology – accepted at several elite universities but only for economics OR social psychology. Persisted but only Iowa-Iowa City accepted what today would be labeled a “behavioral economics” combination. At Iowa the economics department was in the B-School, and social psychology was/still is an elite department with roots to the eminent scholar Kurt Lewin who early in his career was a professor at Iowa.

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