

The Act of New Venture Creation: Exploratory Elements of an Explanation

Alain Fayolle

EM Lyon Business School

C.E.R.A.G. (Université Pierre Mendès France de Grenoble)

Visiting professor Solvay Business School, Brussels

fayolle@em-lyon.com

Olivier Basso

Singleton *Institute*, Brussels

Olivierbasso2003@yahoo.fr

Erno Tornikoski

EM Lyon Business School

tornikoski@em-lyon.com

Abstract

The present contribution is exploratory and constitutes a first step to better understand the phenomenon of commitment to a new venture creation process. In order to achieve this objective, we will make a review of the main psychosocial theories of commitment, starting with an analysis of the concepts and theories developed in the field of both social and cognitive psychology. We then look at the notion of commitment within the field of entrepreneurship by analysing the most prominent works devoted to the subject and also by looking into two concrete cases. We use psychosocial approaches in analysing the two cases and, through the light of our findings, propose two perspectives to better understand the formation and persistence of entrepreneurial commitment before presenting the initial elements of a potential model of entrepreneurial commitment.

Keywords: Entrepreneurial commitment – Entrepreneurial process – New venture process – Entrepreneurial cognition.

INTRODUCTION

The act of new venture creation does not relate to one single decision. Inaugural decisions and founding 'ruptures' often result from a long and winding path. Comparable in that sense to the act of artistic creation, the act of new venture creation is not suited to simplifying causal analysis.

In light of this, numerous works conducted in the field of new venture creation have attempted to explain the emergence of the phenomenon, and more particularly the pivotal moment when the creation process is set in motion. This is how Shapero and Sokol (1982) designed a model based on the notions of 'desirability' and 'feasibility' of the project, combined with a factor of displacement that acts as a triggering event. The notion of displacement refers to the effect of a perceived disruption or radical change in one's personal life. The introduction of a discontinuity precipitates the decision to act entrepreneurially and serves as a catalyst for the trigger. This event, the sudden occurrence of which incurs imbalance in the individual's life, may be perceived by the actor either as a positive displacement (discovery of an opportunity) or a negative one (professional dissatisfaction or layoff).

Following these precursor works appeared the concept of 'intention', which in turn led into a number of theoretical models.

Using intention relies on the assumption that founding a business is both an intentional and planned act (Krueger and Carsrud, 1993). Since the beginning of the 1990s, the application of the theory of planned behaviour (Ajzen, 1991) to the field of new venture creation has made it possible to renew the approaches and models based on intention. However, this approach has several limitations as regards the nature of the phenomenon studied. Intention constitutes, under certain conditions, an acceptable predictor of human behaviour, but must not be confused with the behaviour itself, *a fortiori* when the phenomenon studied is as complex as new venture creation (Gartner, 1989; Bruyat, 1993; Bruyat and Julien, 2001).

The study of the antecedents of intention and its formation certainly contributes to extending our knowledge of the phenomenon, but this approach does not make it possible to understand the process that leads an individual to actually start a venture creation process.

Drawing on the theory of planned behaviour, Krueger and Carsrud (1993) in order to overcome this limitation, added exogenous variables that act as triggering factors, inhibitors or accelerators between intention and behaviour (in their model behaviour corresponds to taking action). However, their model presents another limitation linked to the initial postulate. Even if we accept that new venture creation is an intentional and planned behaviour, we do not know exactly at which point in the process intention actually appears consciously. Indeed, intention may precede the trigger of the process, as shown by Krueger and Carsrud (1993), but it may also appear after the process of new venture creation has been triggered. Intention therefore corresponds to the moment when the individual acknowledges where he or she is going. His or her behaviour becomes reflexive.

Bruyat (1993) overcomes these difficulties by proposing a dynamic model of new venture creation structured around the concept of commitment.

The individual's commitment to a new venture creation process thus becomes a determining variable in understanding the actual point in time when the entrepreneurial process is set in motion and how the new organisation emerges. Commitment may be partial or total. Commitment is considered total when such a stage has been reached in the process that makes going back impossible. Once fully committed to the process, the individual will go through with his or her project, as disengagement costs will appear too high.

We define commitment as the moment when the individual starts devoting most of his time, energy, and financial, intellectual, relational and emotional resources to his or her project. Once committed to the process, the individual no longer considers the possibility of going back: the investments made would make opting out far too difficult and would be experienced as a personal failure.

The present paper is exploratory and provides an overview of the advancement of the research in progress: our objective is to better understand the phenomenon of commitment to a new venture creation process. In order to do so, we will use the main psychosocial theories of commitment, starting with an analysis of the concepts and theories developed in the field of both social and cognitive psychology (section 1). We then look at the notion of commitment within the field of entrepreneurship by analysing the most prominent works devoted to the subject and also by looking into two concrete cases (section 2). We use psychosocial approaches in analysing the two cases and propose two perspectives to better understand the formation and persistence of entrepreneurial commitment before presenting the initial elements of a potential model of entrepreneurial commitment.

1. COMMITMENT, ESCALATION OF COMMITMENT AND COMMITMENT THEORIES

A review of the literature reveals the existence of numerous works that have led to the elaboration of theories on commitment in the fields of social psychology (Joule and Beauvois, 1989 and 2002; Kiesler and Sakumara, 1966; Kiesler, 1971), and cognitive psychology (Festinger, 1957; Staw, 1981). These concepts have been applied to the fields of management and company administration, especially in the contexts of commitment to work (Mowday, 1998, Meyer and Allen, 1997), new product development projects (Royer, 1996; Schmidt and Calantone, 2002) or software development projects (Keil, 1995; Abrahamsson, 2002).

Commitment is related to decision and action. Festinger (1964) defines commitment as a decision that directly influences future behaviours. In 1971 Kiesler laid the foundations of the social psychology of commitment. For Kiesler, commitment is what 'binds the individual to his or her behavioural acts'. Contrary to popular wisdom, people are not committed through their ideas or feelings, but through their actions, their behaviours. To feel committed, individuals must feel they are the initiators of the given behaviour. As a result, individuals may be committed in various degrees. People are committed through their actions, and only the decisions made with a certain degree of freedom lead to perseverance. The perception of external pressure, or of a threat, will weaken all the more the strength of a commitment resulting from a 'freely consented' decision.

Most psychologists define commitment as the force that stabilises the behaviour of individuals

(Briecman, 1987; Kiesler, 1971), a force that gives individuals the strength to pursue whatever course of action they have undertaken, despite the obstacles met and whatever the attractiveness and potential of alternative options (Dubé, Jodoin and Kairouz, 1997).

According to Beauvois and Joule (1981), in any given situation, the more the individual acts, the more he or she commits himself or herself. They also consider that the likelihood of an activity leading to the individual's commitment is directly linked to the individual's feeling of freedom. Individuals must feel they have a certain amount of freedom (real or perceived) when making a decision for the ensuing actions to lead to commitment. In a nutshell, the notion of commitment relates to a process that develops over time and leads individuals to preserve the consistency of their actions or the coherence of their decisions.

Commitment corresponds to a position that it is difficult to opt out of (Becker, 1960), we can even say it corresponds to an irrevocable choice (Secord and Backman, 1974), or a constraint that prevents any change in behaviour (Gerard, 1965).

The notion of escalating commitment completes the notion of commitment and often overlaps with it. The escalation of commitment corresponds to the propensity of individuals to persist, sometimes in an apparently incoherent manner, with a decision or a course of action, despite the existence of negative feedback and the great uncertainty ('halo effect') that affects the plausibility of future success (Staw, 1981). Sabherval et al. (1994) even speak about being 'too committed' to explain this unreasonable obstinacy. Escalation of commitment may concern the individual, the group, or the organisation (Caldwell and O'Reilly, 1982). Commitment escalation has been studied in various fields of application: researchers have used this perspective to address subjects such as the war in Vietnam, urban planning policies, and software development projects (Staw, 1981; Simonson et Staw, 1992).

Beauvois and Joule (1981) attempt to explain the reasons for the escalation "We are only committed through our actions. We are not committed through our ideas, our feelings, but by our actual behaviour. The individual rationalises his or her behaviours by endorsing, retrospectively, ideas designed to justify them". This type of reconstruction of past behaviour *ex post* will be progressively internalised and contribute to convincing the individual that his or her new opinion is founded. To a certain extent, this perspective undermines the simplistic intention models that put forward intention as preceding and explaining the behaviour. Here intention is re-interpreted, reconstructed *a posteriori*. The act comes first. It shows how the 'intention-decision-action' logic must give way to more complex perspectives: the efforts to justify one's decisions, the retroactive influence of the outcomes of the actions undertaken, the capacity to look at a given situation from a different point of view, etc. all reveal the complexity of the processes at work.

Consequently, other analysis frameworks must be used to better understand the notion of commitment. An analysis of the literature on the subject highlights three main approaches that show similarities.

1.1.The theory of cognitive consistency and dissonance

This theory originated with the precursor works of Festinger (1957) who at the time spoke of *"simultaneous existence of elements of knowledge (cognition) which, in one way or another, are conflicting (dissonance), which motivates the individual to make efforts to make them concordant (reduction of dissonance)"*.

The central postulate is based on the stability of individuals' cognitive systems. When individuals behave in a way that does not fit with their system of beliefs, the imbalance induced is such that they will do anything in their power to restore the balance of their cognitive system. In this case, individuals have a choice of two alternatives: they either alter their behaviour, or their attitudes.

Dissonance results from internal conflicts that occur between acquired opinions and discordant new elements. Festinger (1957) identifies several types of cognitive dissonance: they may result from prior decisions that need to be justified, from actions the results of which are unexpected, or from the excessive amount of effort required to reach a given objective.

This theory also relates to the phenomenon of self-justification (which results from the individuals' desire to appear rational (to themselves or others) in their every act or decision: *"Individuals will bias their attitudes on the experimental task in a positive direction so as to justify their previous behaviour"* (Festinger and Carlsmith, 1959). This link between the theory of self-justification and escalation of commitment is also acknowledged by Brockner (1992).

1.2.Beauvois and Joule's theory of commitment¹

In line with the works of Festinger and Lewin, two French researchers in psychosociology from the University of Grenoble have chosen to focus on what they call the 'decision traps' which translate into three phenomena.

- The 'freezing effect': the decision to behave in such or such a way freezes out the system of possible alternatives by making the individual focus exclusively on what is directly linked to his or her decision. The notion of 'freezing effect' translates the individual's commitment to the decision made. Once we have made a decision, we are bound to this decision, and, in a way, prisoner of it.

- The 'escalation of commitment': a behavioural tendency of the individual to stick to his or her initial decision even though this decision is clearly questioned by the facts. The individual shows the need and the will to persist in his or her actions in order to prove the rational character of the initial decision taken.

- The 'unnecessary expenditure' and 'dead end': it is an 'unnecessary expenditure' to the extent that individuals put themselves through an unnecessary and unproductive course of action because they

¹ See especially: Beauvois and Joule (1981) and Joule and Beauvois (1989, 2002).

have committed themselves to doing so (financially, materially, etc.); and a 'dead end' because individuals voluntarily put themselves through tough situations in which the goals set are no longer achievable.

In this perspective, all goes to show that individuals, committed through their initial choices, would rather sink with the ship than admit and rectify an initial error of assessment, judgement or appreciation. This is where the notion of self-justification finds its relevance. This behaviour leads to useless actions and costs and may lead the individual to continue with a process whatever the consequences and whatever the costs. The commitment theory developed by these authors relies heavily on the individual's feeling of freedom and the nature of the acts accomplished or to be accomplished. According to Beauvois and Joule, the feeling of freedom accounts for the perseverance in a decision. 'Perseverance' here translates a tendency to persist repeatedly in a course of action, which leads to a stereotypical behaviour, because the individual is incapable of the mental or behavioural changes necessary to inhibit the ongoing activity.

The actions considered may be split into two main categories. First we may distinguish: 'non-problematic' actions that are compatible with our cognitive system and induce as a result a greater resistance to change and a strong commitment. In contrast, constrained or 'problematic' actions often lead to u-turns: people are led to alter their decisions, except when they have been costly to make. In the latter case, positions are more rigid and commitment is rather weak. When an individual has been forced to make a decision, indeed, there is often a boomerang effect that goes against the desired effect.

1.3.The escalation of commitment theory

This stream of research owes a great deal to the works published by Staw and his associates (Staw, 1976, 1981; Staw and Ross, 1987; Simonson and Staw, 1992). Staw focuses on global courses of action, not isolated acts: "many most difficult decisions an individual must make are choices not about what to do in an isolated instance but about the fate of an entire course of action". He also underlines the fact that individuals have a tendency to persist in a given course of action, which provokes the escalation of commitment. This phenomenon can be explained by the need of all individuals to rationalise their behaviours. Staw (1980) distinguishes two types of rationalisation, retrospective and prospective: "the individual seeks to appear competent in previous as opposed to future actions", and the behaviour models based on the subjective expected utility theory examine the principle of prospective rationality. The combination of these two rationalisation factors brings an added difficulty to the understanding of decision-making processes.

Staw (1981) highlights four factors of escalation:

- Internal justification (self-justification) or external justification that he explains thus: "to prove to others that they were not wrong in an early decision and the force for such external justification could well be stronger than the protection of self-esteem".

- Persistence of the action
- Perceived probability of result
- Perceived value of the result

For Staw (1981), commitment is a complex process, subjected to multiple and sometimes conflicting forces. His theoretical model based on the four types of determinants presented above is still often used in empirical research today.

2. COMMITMENT TO A PROCESS OF NEW VENTURE CREATION: THE STATE OF CURRENT RESEARCH AND TWO CASE STUDIES

Our exploratory research is mainly interested in the concept of commitment in the context of a new venture creation by an individual who does it for the first time, without any particular experience. Here we consider commitment as a result, a posture, a state, as opposed to its process dimension that may vary in degree. It corresponds to the moment when the individual starts devoting most of his or her time, energy, and financial, intellectual, relational and emotional resources to his or her project. The possibility of going back is no longer an option, as, in light of the investments made, giving up would be too difficult and would be considered as a failure. Commitment therefore corresponds to a phase in the process, without which the process could not be completed in the best possible conditions.

2.1. The notion of commitment in the field of entrepreneurship

To the best of our knowledge, commitment theories have been little used in entrepreneurship research. The notion of commitment itself is not perceived homogeneously. Bruyat (1993, 2001) structures his thesis around this concept. He describes commitment as a set of actions / decisions that are spread over time. Actions and decisions are joined in the process, and it is difficult to identify a traditional sequence of events (collection of data, analysis and deliberation, decision, and action). The new business founder described by Bruyat has a bounded rationality and progressively commits himself or herself to the process until total commitment. This escalation of commitment leads to a stage of near irreversibility (except if the individual opts out) and leads individuals to focus increasingly on their projects. Going back therefore becomes very difficult, even impossible, given the costs of disengagement (financial resources consumed, social costs through the partners involved, costs in terms of career, psychological costs and cognitive dissonance). This commitment process that leads to full commitment may be incremental or revolutionary, depending on the resistance to change in particular. It is therefore important to distinguish several forms of commitment. The analysis model proposed by Bruyat (1993, 2001) relies on the theory of catastrophes and provides a visual representation of the phenomenon.

Gaillard Giordani (2004) addresses the question of commitment within the context of the relation between investors and entrepreneurs. The perspective adopted is financial and the approach focuses

mainly on the mutual commitment of the actors involved in the entrepreneurial process. The perspective developed by this author relies on the exchange of mutual and credible commitment; and these exchanges participate in the sense-making and realisation of the project. The types of commitment examined in this work relate to knowledge and resources that are specific to the process. While Bruyat considers commitment as an individual variable, it appears mainly in its collective dimension in Gaillard Giordani's doctoral research. Both authors nevertheless concur on the importance they give to the issue of commitment.

In the Anglo-Saxon literature, commitment theories seem to be applied to the field of entrepreneurship in a totally different perspective. Commitment is no longer perceived as an essential element (phase or act) of the process, but as a psychological factor susceptible to divert the entrepreneur from the right decision paths, considering that the right decisions paths should be dominated by the – often economic – rationality of the actor. The reduction of cognitive dissonances and the escalation of commitment are considered as possible cognitive biases. This appears more particularly in the works of McCarthy et al. (1993), which attempt to analyse to what extent the decisions of financial re-investment are influenced by rational processes or variables of commitment escalation. The results show that entrepreneurs who started their own business are more prone to commitment escalation than entrepreneurs who took over an existing business. Moreover, entrepreneurs who have too much self-confidence are those who exhibit the most significant escalation of commitment.

2.2. Our research method

The two case studies presented here correspond to situations of new venture creation that we were able to observe almost in their entirety by being in regular contact with the actors.

We used several methods of data collection: interviews with the project bearers (with extensive note-taking), working documents produced by the individuals, and interviews with other parties involved in the project (mainly experts in new venture creation and stakeholders). In each case the data was collected over periods of time spanning several years.

We develop below the reasons why we chose the case study method for our exploratory research.

Case studies involve documenting a phenomenon by using several techniques of data collection. The various data sources help build a case destined to be analysed from a specific perspective, around a given issue (Hamel et al., 1991), which corresponds to our objective here.

Moreover, this research method is particularly relevant for our investigation, in that it takes into account the time, context and circumstantial dimensions of the 'stories' we are concerned with. Some researchers, like Mintzberg for instance, have already tried to legitimise the research works that deal with a limited number of cases: *"What, for example, is wrong with samples of one? Why should researchers have to apologize for them?"* (Mintzberg, 1979: 583). For this author, researchers must go beyond statistical approaches and interpret the data, thus breaking away from the statistical weight of scientific replication, the objective being to discover new elements, even if their scope remains

limited.

In order to reach this goal, various techniques are called upon: the perspective is that of a convergence of approaches. Hamel (1997) underlines this clearly: *"Indeed, the case study, by definition, calls upon various techniques, be they observation, semi-directive interviews, and one or the other technique of contents analysis (...). The variety of the methods used is in line with the idea of comparing several angles of study or analysis"* (p.103). Later, this author talks about 'data triangulation', which aims to compare different points of view, to weave a network which will outline the case pattern, its internal logic: *"Various methods are used in order to place the object of study under various lights, in the hope that they will reveal all its dimensions"* (p. 104). The types of data collected *"may thus overlap and shed light upon one another in order to throw light on the case concerned"* (p.105).

Collecting the data is an essential part of the case study process. Several possible data sources can be used. Yin (1994) identified six of them (p.80) with their advantages and drawbacks: documentation, archives, interviews, direct observation, participant observation, technical and cultural artefacts. For the work presented here, we used and cross-analysed the first five sources cited above.

2.3.Presentation of two commitment cases

Case A dates back to the late 1980s whereas case B is from the mid-1990s. We have always stayed in touch with the main actors of these two situations of new venture creation.

Case A: AF is an engineer in a consultancy firm specialised in the market of central and local administrations. He likes his job and his working environment. He does not feel any dissatisfaction as regards his professional life and does not feel threatened in his job. In 1986, then aged 32, during a conversation with a colleague he happens to mention his desire to set up his own firm one day. He then discovers that this person has the same desire. Over the following days and weeks, this becomes a recurrent topic of their conversations, an idea emerges, takes shape and progressively takes more and more importance in the life of AF and his colleague. They start devoting time to the project and expand the team by inviting other people to join them on the project. The process is therefore triggered. While working on the project, the main actors remain in their employed positions. A market study is carried out and positive contacts are made with potential clients. Despite the fact that the activity they have in mind does not compete with their employer's activities, in order to avoid their employer learning about the project accidentally, AF decides to inform his superior as soon as possible, even though at this point, he is not yet certain they will go through with their new venture creation project. In AF's mind, this is an ethical issue, but it is a risky step to take in terms of career, especially if the project ends up being scrapped. On the one hand, the certainties and comforts of a paid job, and on the other the attractiveness of new venture creation with its inherent uncertainties. AF clearly has the impression, at this point in time, to give up what he has got to go chasing after shadows, but letting his employer know about his project is an indispensable step to pursue his project. He therefore requests an appointment with his hierarchy, and lets them know about his project. At the end of the interview, which went well, AF is convinced that a decisive step has just been taken and

that going back would be very difficult from then on. AF has just committed himself to the process of new venture creation. His firm (MC) will be effectively created five months after this interview and to this day continues developing IT solutions for the management of industrial SMEs, somewhere in the south of France.

Case B: In 1995, RC is 28 and has just finished an MBA programme in a major French School of Management. RC is an engineering graduate and comes from a university background that does not predispose him to the career of entrepreneur. After completing technical studies, he worked for a large American company in France for a few years. During the MBA programme, RC enrolled in an optional entrepreneurship course and discovered a world that was entirely new to him. He recognises that this course generated rather quickly within him the intention to create a business. However, he decided to complete his MBA programme in an English university and graduated with a double degree, following which he was all set to find, without too much effort, a good and well-paid job corresponding to his new qualifications. RC therefore starts looking for a job, while at the same time becoming interested in the idea of setting up his own business. He becomes particularly keen on a rather crazy and passionate idea in the wine sector. He starts talking about it to his fellow students, his teachers, and especially to the teacher who was in charge of the new venture creation elective. The wine trade, whatever the quality of the concept developed, is a very tough sector with low margins, intense competition, and therefore the first reactions are rather discouraging. However, RC decides to hold onto his idea, and for three months leads his job search in parallel with his study of a venture creation project in the wine sector. He goes to recruitment interviews while meeting wine professionals to refine his project. This could have gone on forever, but RC starts realising he is diluting his time and energy into two projects of a contradictory nature. He has to choose. He decides to stop his job search for a while and devote all his time and energy to his new venture creation project. As time passes, he realises the significance of the decision he has made. We often met with RC during this period of his life, and we are convinced that this decision dramatically increased his commitment to the process. A year later RC created the business that he still runs today.

3. ANALYSIS OF THE CASES AND PROPOSITIONS

We first analyse both cases from the perspective of psychosocial theories on commitment, which leads us to underline the limitations of these theories as regards our preoccupations. We then discuss our results further and make two propositions to orient future research.

3.1. Analysis of the two cases from the psychosociological perspective

In both cases, the individuals are confronted with two possible alternatives. For A, the alternatives are: either "I stay with the company that employs me (and I give up on my project and put it aside, at least for a while)" or "I resign in order to eventually set up my own business (in which case, I must inform my employers as soon as possible)". For B, the alternative is either "I look for a paid job (and I devote most of my time and resources to this project) or "I focus all my attention on my venture creation

project (and I will go back to looking for a paid job if this does not work out)". In both cases, the individuals are faced with what we can call 'decisive' choices. Both subjects perceive the potential results of the decisions considered (going through with it, or not) as bearers of change in their life patterns. The retention of one alternative – persistence with the *status quo* or decision to set up a business for one, and looking for a new job or setting up a business for the other – will affect their existence in the long term. These structuring choices are perceived as pivotal periods, the consequences of which will shape radically and lastingly the life of the actors.

What happens once the choices are made is aptly described by the theories of self-justification and escalation of commitment: what they aim to explain, above all, is not so much why, how, or when an individual commits himself or herself to the process, but why he or she remains committed. The initial steps do not so much constitute the major difficulty, but staying constant in this movement, persisting with this path does.

For A as much as for B, the freezing effect leads the actors to focus exclusively on the path they have chosen. From then on, for A and for B, it will become difficult not to persevere with their future decisions and actions, in order to rationalise the whole process. Self-justification and escalation of commitment theories can also explain why, even if conflicting feedback arises, challenging the validity of their creation project, individuals A and B may still persist with their decision, and maybe even reinforce it further².

The choices made by A and B are of a different nature, and, *a priori* do not seem to bear the same weight. For A, declaring his intentions to his hierarchy amounts to taking the risk of being forced to resign. For B, it is rather a question of opting (or not) for a new venture creation project that seems unlikely to happen at a later time in his life. Other decisions and actions were taken before these choices, and other decisions and actions will be taken after. So why did these choices bear so much significance – in our view – to the extent that they very likely caused a decisive evolution of these individuals' commitment? Why these choices and not others?

In both cases, the dynamic of commitment appears to be a subtle and fragile reality that seems to relate more to evolution than revolution. Commitment here relates to a transition period, a process during which a new situation is progressively structured, and it is often during transition periods that ambiguity, paradoxes and tensions are at their most intense.

In both cases, the progression of commitment that leads to irreversibility – since aborting the process would be considered by the individual as a failure – happens long before its legal registration. The projects in themselves were still rather hazy at that stage. However, we may also envisage that commitment happens later in the creation process: at the time of legal registration, or even later, if the business founder has kept a paid job for instance.

² We were able to observe such situations in both cases.

3.2. Research propositions: two conditions of entrepreneurial commitment

Commitment as an implication process may take various shapes and is not suited to a single modelling approach. The nature of the path leading to commitment thus appears contrasted: for some individuals, commitment is progressive and spreads over a long period of time, without it being possible to identify a decisive moment. Such a representation seems to correspond to the observations we made about cases A and B. However, for other individuals that we have been able to observe through our practice of entrepreneurial support, commitment occurs as a sudden rupture. For instance, giving up one's career in order to set up a business represents a major change of direction, a major career change for the individual.

In light of this, the process that leads an individual to commit to a new venture creation process can be seen as an incremental or radical change process. This implies that two conditions, illustrated by our cases, can be considered as necessary³ for the commitment to take place.

Firstly, the act of new venture creation must be preferred (to any other alternative), and secondly, resistance to change must be overcome⁴.

In both cases, of course, these are individual perceptions, and there may be some significant cognitive biases in estimating the risks, among other things. The desirability of entrepreneurial action involves psychological and social aspects as well as financial ones.

Condition 1: The venture creation project must be preferred.

Some projects abort because the entrepreneur is unable to gather the necessary means – e.g. financial resources, permits, means of production, support from a partner, and so on. The project must therefore be abandoned, even though it was what the entrepreneur preferred.

If the individual is not forced to abandon the project, commitment occurs when the venture creation action (a specific project, whether detailed or not) is perceived as being preferable to the current situation (employee, unemployed, student, etc.) or to any other potential change (e.g. change of employer). The act of new venture creation is perceived as preferable to the current situation as soon as there is an increase in the attractiveness of the new venture creation and/or when there is a decrease (or indeed, a sharp drop) in the attractiveness of the current situation.

Most theoretical models of venture creation retain this aspect as essential⁵. They describe the formation of this preference as the result of environmental factors and factors specific to the entrepreneur. We will not, however, be considering these factors in further detail at this point. Instead,

³ These two conditions are also put forward by Bruyat (1993).

⁴ In both cases, resistance to change is perceptible. Change in one's satisfactory professional situation in the case of A, and change of career path for B, despite his predispositions that were reinforced following his MBA.

⁵ See for example Shapero (1975), Shapero and Sokol (1982), Bird (1988, 1992). The theory of planned behaviour, originally proposed by Ajzen (1991, 2002) and its applications in the field of entrepreneurship (Krueger & Carsrud, 1993; Autio, Keeley, Klofsten, & Ulfstedt, 1997; Tkachev & Kolvereid, 1999) also provide an interesting theoretical basis to explain how the preference could be formed.

the preference, resulting from a push-pull situation, is assessed on the basis of criteria relating to the desirability and feasibility of the act of venture creation. The individual's cognitive limitations must also be considered. The emergence of the preference is a complicated process, made even more complex by several factors, such as (i) the potential diversity of the criteria to be considered, (ii) the fact that the criteria are not independent of one another, (iii) the difficulty of measuring them (they are perceptions, not "objective" facts), (iv) the evolution of the perceptions over time, (v) the non-linearity of the functions linking some of the criteria to the preference (sygmoidal curves, parabolic curves, etc.), and (vi) the fact that it is impossible to formalize these links by a classical preference function (additive model). Only one factor may trigger opting-out. In other words, the emergence of preference is a system and as such it resists oversimplified approaches.

Condition 2: Resistance to change must be overcome.

The preference for a venture creation project, translated by a need and desire for change, will only lead to actual change if the actor is able to overcome his or her resistance to change.

Strangely enough, this is not discussed as such in entrepreneurship literature, probably because entrepreneurs are often considered to have different attitudes to risk to the general public (they are often perceived as daredevils). However, empirical research does not appear to have produced key findings in support of this.

Consideration of resistance to change adds to the complexity of analyzing commitment processes but, as we shall see later, also helps to explain their diversity. Consideration of resistance to change adds to the complexity of analyzing commitment processes but, as we shall see later, also helps to explain their diversity. Without going into detail, and without claiming to cover every possibility, we draw from our practical experience in new venture creation support and derive five situations in which resistance to change can be analysed.

Firstly, resistance to change due to habits and inertia in reasoning and behaviour; this is particularly important where individuals have devoted most of their past commitment to an employed position without ever considering venture creation (cognitive dissonance, family role model).

Secondly, resistance to change may also be due to fear of the unknown. Uncertainty may be related to a specific project or a lack of knowledge of what creating and managing a small business actually involves. Thirdly, resistance to change may also be due to the perceived irreversibility of the new situation; in some cases, individuals believe (accurately) that if their projects should fail, it would be impossible for them to go back to their previous jobs or indeed to any other job; failure, even if not immediate, would therefore be disastrous. Fourthly, resistance to change may be due to the perceived opportunity costs and/or significant irreversible costs; the potential entrepreneur gives up an enjoyable situation, devotes less time to family and leisure activities, commits most of the family heritage, cuts back on his or her lifestyle, and so on. Finally, resistance to change can be due to a lack of resources or advice and, more generally, environmental hostility to venture creation.

Here again, the "hiding hand"⁶ plays a significant role in dissimulating or exaggerating certain problems. Entrepreneurs who take action often overestimate their chances of success and underestimate the problems they are likely to encounter. Resistance to change in the venture creation process varies in intensity. For example, resistance to change is weaker if: the individual has been exposed early in life to the idea of venture creation (parents or entrepreneurial role models); if he or she has a social network and lives in an environment (family, friends, education) which is relevant and conducive to venture creation; if his or her current situation is unsatisfactory; and finally, if the project involves only a low degree of uncertainty for the individual (duplicate creation, broad experience of the sector and of management) or if it can be implemented gradually, without engaging significant irreversible costs.

These various points are not independent, but overlap to some extent and form part of an overall system. Accordingly, the preference for new venture creation and resistance to change are not independent. Because of the complexity of the system, we have attempted to highlight a thread that could eventually be further formalised for specific applications. In our model, we assume that the entrepreneur's full commitment does not occur unless (1) the venture creation project is preferred to the *status quo* or any other alternative option, and (2) the would-be entrepreneur is able to overcome his or her resistance to change. These are the two necessary conditions for the formation of entrepreneurial commitment.

Now that we have established the conditions necessary for the formation of entrepreneurial commitment, we can raise further questions related to the formation of entrepreneurial commitment. For example, why are some choices so significant, in that they trigger a decisive change in the entrepreneurial commitment process? Why these choices, and not others? Clearly, in addition to the two necessary conditions for the formation of entrepreneurial commitment, we need to add a more dynamic vision of the reality.

3.3. For a new representation of the entrepreneur's commitment

Analysis of the semantic definition of the term 'commitment' encompasses and articulates the theoretical elements developed above. Commitment refers initially to a deliberate binding by promise or contract. The example of the pledge (legal or romantic) is a good illustration of this situation: the subject who makes a pledge thus generates an obligation for himself or towards others. To commit oneself means to place oneself deliberately in a situation that then generates responsibilities and implies choices that are predetermined by the initial decision.

This negative definition of commitment perceived as surrendering part of one's freedom can also be found in the psychosociological approaches developed previously. It is worth remembering that they particularly insist on the deliberate dimension of this subjection.

⁶ Hirschman (1967) explains that one of the motors for action is the individual's ignorance of what awaits him or her when action is taken. The term *hiding hand* is a play on words with Smith's *hidden hand*.

However, commitment and escalation of commitment approaches essentially describe situations in terms of traps or manipulations whereby the individual surrenders his or her freedom. Cartesian criticism⁷ of promises is relevant here: to promise means to commit oneself, it means taking today the resolution to accomplish one or several actions in the future. It means deciding today what one will be tomorrow, without knowing anything about what the future holds and the situations one will be confronted with.

But commitment cannot be reduced to the sole destructive dimension of the actor who perseveres in his or her choices: it may also be seen as a structuring and productive phenomenon, conducive to positive effects for the individual. Its creative force manifests itself in the construction of a professional path, in the writing of a book, the constitution of a couple, etc.. The actor thus chooses to follow a path in which the initial step (a degree for instance) naturally leads to opt for other actions that are linked and that complete the movement thus initiated.

The theory of the decision trap with uncontrollable consequences should not detract from the positive side of commitment: it leads to the creation of a new state in which the subjects invest themselves. The language of finance meets the language of psychology: committing capital to a business means investing. To commit oneself means to invest oneself.

Commitment is thus analysed as the process that crystallises a significant choice (here new venture creation), while being merely the more or less long-term consequence of a series of committing actions. Indeed, the set of minor decisions taken by an individual may be re-read as the progressive concrete realisation of a project. This only becomes obvious to the subject *a posteriori*, when he or she thinks back over the path he or she has taken.

To summarise our position, commitment is the result of an action that necessarily leads to more actions. In this regard, commitment is a binding act: the actor's freedom or the degree of his or her freedom will be reduced. Why? Because what subjects accept when committing themselves includes two dimensions: on the one hand, they take part in a series of almost irreversible actions (constraining nature of the process), and on the other hand, commitment relates to other actions that reach beyond what subjects can perceive at the time when they commit themselves (gamble on the future). However, this constraining process is also what enables the subject to create a new path. For instance, the act of starting a family implies responsibilities and offers a new dimension to one's life: the choice of an individual life is abandoned, the creation of a state of dependency is chosen (parental responsibility) and corresponds to a life-changing decision.

New venture creation is also a life-changing decision. The dynamic of commitment can vary in

⁷ Descartes, *Discourse on Method*, part III: "And I placed in the class of extremes especially all promises by which somewhat of our freedom is abridged; not that I disapproved of the laws which, to provide against the instability of men of feeble resolution, when what is sought to be accomplished is some good, permit engagements by vows and contracts binding the parties to persevere in it, or even, for the security of commerce, sanction similar engagements where the purpose sought to be realized is indifferent: but because I did not find anything on earth which was wholly superior to change, and because, for myself in particular, I hoped gradually to perfect my judgments, and not to suffer them to deteriorate, I would have deemed it a grave sin against good sense, if, for the reason that I approved of something at a particular time, I therefore bound myself to hold it for good at a subsequent time, when perhaps it had ceased to be so, or I had ceased to esteem it such."

intensity, it may be progressive or immediate. One of the difficulties concerns the heterogeneity of the situations: we have until now considered commitment as resulting from a deliberate choice, not a constrained one. However, new venture creation does not always result from a free choice. It seems relevant here to distinguish *a minima* two, or even three possible configurations. Constrained new venture creation corresponds to a professional choice for want of a better alternative: the individual is out of a job or looking for a change and does not necessarily have a choice other than starting his or her own business in order to find a new activity. On the contrary, 'deliberate and embraced' new venture creation refers to a conscious professional choice and the existence of a project. Finally, even though this status is uncertain, some businesses seem to be created randomly: in this case, it is often a chance meeting or an idea that constitutes the turning point that leads to the individual's commitment.

These few exploratory remarks remind us that the paths taken by business founders often reflect the complexity of unique and individual stories. Beyond the key stages (identifying an idea, finding resources, clients, and funding, legal registration), the sequence of events is anything but linear: what happens is the emergence (or not) of a new pattern leading to a commitment situation characterised by the irreversibility of the choice of becoming an entrepreneur.

From a methodological point of view, the difficulty lies in combining an objective 'ballistic' approach that reflects the sequence of events that shape the entrepreneur's path with an approach based on the construction of meaning by the actors concerned. Indeed, preference and resistance forces only exist in relation to the representation that individuals have of them at a given point in time.

The techniques of life-story analysis could help us define a terminology of the would-be entrepreneur's commitment: ups-and-downs, interruptions, regressions, alterations, bifurcations, etc., all correspond to a logic at a given moment in time that determines the position of the 'mobile entity' (the entrepreneur) on a commitment scale as regards his or her project. As the commitment process cannot be measured from a linear perspective (increase or decrease of commitment level), a real understanding of the phenomenon requires a new modelling of the entrepreneurs' paths.

This analysis must go beyond the examination of variations in the subject's motivations, it must shed a light on the genesis, the constitution of a fundamental choice – new venture creation – by integrating the constitutive dimensions of this life path, that is to say the tangible facts and the actor's representations.

The paths taken by business founders are no different from personal life paths taken by any individual: they are strewn with events, periods of crisis, and crossroads that leads them to make choices and sometimes opt for drastic changes. What must be done therefore is identify the 'ingredients' used in the decision-making process, by using several variables (structural, contextual, relational and individual) as well as various interacting temporalities. Maybe this is precisely what causes the type of 'rupture' or bifurcation that new venture creation represents in an individual's life (new job, new life).

We have presented here the prolegomena of a model whose ambition is to combine these two dimensions by confronting the factuality of the various stages (constitutive moments) with the reconstruction of the factors that determined the choices. The model should also propose a more

precise definition of new venture creation: if it cannot be reduced to the legal creation of an activity, then what is it exactly? When does it actually happen? How is it linked with the commitment that leads to it? In the early stages of our reasoning, it seems that ambiguity remains as to the exact nature of commitment: is it the process or the result? Does commitment as a result coincide with the creation of the new business? This circular definition may be resolved thanks to an objective analysis of the time that the actor spends building his or her company. An entrepreneur's real commitment translates into the actual place that the project occupies in his or her professional life (allocated time and resources and absence of commitment to any other alternative). Psychological commitment also includes the total commitment of resources, which automatically excludes any other project.

CONCLUSION

As a psychological construct, commitment is at the heart of several explanatory theories of behaviour. These behavioural approaches focus on its emergence and dynamic and often share some common ground. Commitment and escalation of commitment theories explain the deliberate entry of individuals, sometimes without their realising (especially in the case of manipulation), into a complex mechanism resulting from an initial decision, even if the subject was not aware of its significance at the time.

Other works, such as the agency theory (Keil, 1995) or the theory of catastrophes (Bruyat, 1993) can be used successfully in combination with psychosociological approaches in analysing the complex process that leads an individual to create a new business.

To test the relevance of this parallel between commitment and new venture creation, we examined, from the perspective of the theories mentioned above, two cases of new venture creation. Indeed, we were able to make numerous observations and gather extensive data about these experiences by studying the whole venture creation process. In view of this, it appears that psychosociological theories are useful in understanding the individuals' persistence in their decision and the escalation of commitment. In other words, they make it possible to better understand the reasons why individuals' decisions, at a given point in time, commits them to a choice that will lead them further and further in the process, until the business is created and the new activity developed.

However, these theories do not clarify the nature of this particular moment and the nature of the choice, embedded in a flow of actions and decisions, the heterogeneity of which is well-illustrated in our two case studies. They also provide little information on the formation of commitment and its evolution until its almost irreversibility in the context of new venture creation.

The notion of commitment seems nonetheless very important in understanding the new venture creation process. Commitment could amount to a change of phase in the process with key consequences on the future of the project or of the nascent organisation. The concept therefore calls for particular treatment and must be placed within a different representation of the new venture creation process that takes into account the richness and diversity of the situations. Several elements have been put forward to constitute a new model: the career path logic, the analysis of life-story

narratives, the identification of a link between the events and the actor's interpretation of them, etc.; all outline the first lineaments of an ambitious model. The multiform and chaotic characteristic of the commitment process is undeniable: we know that numerous individuals who work on venture creation projects, alone or with support entities, have not reached this stage yet, and may never reach it. This last possibility may come as a surprise to external observers who did not doubt the strength of the individuals' apparent commitment and who were unable to recognise the early warning signs or to explain the reasons for their abandon.

Hence the importance of studying the concept of commitment further within this particular framework and context. A better understanding of the dynamic of commitment should improve the quality of the support given to entrepreneurs. Improving operational knowledge of the commitment should, at a more global level, enable the actors of venture creation support to better allocate incubating and support resources, by reserving them for projects that meet the relative conditions of commitment (acquired or latent).

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