EFFECTUATION ILLUSTRATED: WHAT IS SPIRITUAL ENTREPRENEURSHIP?

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ABSTRACT

The authors integrate notions of spirituality and heightened human consciousness with the effectuation approach to researching entrepreneurship. Research questions and propositions resulting from this integration are presented and a Figure illustrating the integration is included.

INTRODUCTION

The individual entrepreneur has long been an important focus of research in the entrepreneurship literature. For example, there was the search for traits that might distinguish entrepreneurs from non-entrepreneurs (Shane & Venkataraman, 2000) and more recently a focus on cognition in an attempt to understand the influence of sensemaking on the entrepreneurial processes (e.g. Buzenitz & Barney, 1997). Research on cognition, especially heuristics and biases, is interesting because it takes a step away from the classic economic perspective of entrepreneurship that emphasizes rational decision making and an objective reality. As such, the entrepreneurship literature mirrors the wider management literature where there are calls for conceptual frameworks that move beyond rational models to recognize the subjective realm (Karp, 2006; Jayasinghe & Wickramasingh, 2008).

Consistent with this move beyond the objective realm, we see hints that an entrepreneur’s level of consciousness could affect the value creation process (Chu, 2007; Karp, 2006; Roper & Cheney, 2005; Sfeir-Younis, 2002; Schuyler, 2007). Most humans’ consciousness or awareness is limited to surface thought and perceptions about the world, what Jung called the tip of the iceberg of potential human consciousness (Cutcliffe, 2008). However, there are individuals who have extended, through transformational practices, awareness beyond this sensory driven level of surface thought (Neck & Milliman, 1994; Steingard, 2005a; Mitroff & Denton, 1999b; Schuyler, 2007). Such practices often involve gaining knowledge of self-serving patterns embedded in the subconscious and even the unconscious (Corner, 2008). In this way consciousness expands over time to include knowledge that was once veiled in the subconsciousness and potentially even in the unconscious (Corner, 2008). Stated differently, the subconscious and unconscious are made conscious and the practitioner gains access to a vast storehouse of intelligence, a great source of creativity and intuition (Neck & Milliman, 1994; Steingard, 2005a). Such expanded consciousness has been hypothesized to influence entrepreneurs as they create value. Consciously aware entrepreneurs are said to 1) build multiple forms of capital such as human, social, and spiritual capital, not just financial capital (Chu, 2007; Zohar & Marshal, 2004), 2) continually reflect on the contribution of an organization to all of society not just shareholders (Roper & Cheney, 2005; Mitroff & Denton, 1999a), and 3) evidence a profound commitment to ethics in the treatment of others (Grenier, 2006; Roper & Cheney, 2005; Sfeir-Younis, 2002; Mitroff & Denton, 1999a).

Unfortunately, these hypotheses remain relatively unexamined. One reason for this may be that academics have been limited by the economic model which does not lend itself to consideration of research questions outside of the objective realm. However, an alternative to the economic model has surfaced in the entrepreneurship literature in the form of effectuation. Effectuation places the entrepreneur and his or her characteristics at heart of the entrepreneurial process (Sarasvathy, 2001a).
The process is driven by the entrepreneur’s abilities to use whatever means she has at hand imaginatively and creatively, to combine these with contingencies and to create new products, services, or companies (Sarasvathy, 2001a). Effectuation thus seems a framework suitable for considering the influence of an entrepreneur’s conscious awareness and practices for expanding awareness on the entrepreneurial process.

The purpose of the current manuscript is to examine conceptually how an entrepreneur’s conscious awareness and practices for expanding that awareness play a role in the entrepreneurial process. We do so by mapping literature about conscious awareness from the management discipline onto the conceptual framework of effectuation. This allows us to contribute two things. First, we are able to provide a description of the subjective realm of the entrepreneur and consider its potential to influence the entrepreneurial process. As such, we take a step towards describing what actually does happen in the process of value creation instead of writing about what ought to rationally happen according to economic models (Karp, 2006). Second, we develop research propositions to illustrate the potential of this subjective realm to illuminate important research questions in our field. This research is timely for the study of entrepreneurship in that scholars express concern that the classic economic, profit-maximizing view of entrepreneurship, while excellent for some cases of innovation (see Sarasvathy et al., 2003), does not adequately capture the dynamic, non-linear, and unimaginably complex process that is also a part of the entrepreneurial process (McKelvey, 2004; Sarasvathy, 2001a). It is also timely in that it may provide insights for other domains like civic and social entrepreneurship. These domains, outside the classic for-profit business arena, nevertheless have adopted the idea of entrepreneurship to explore processes whereby innovations are creatively identified and executed to create value (Roper & Cheney, 2005). These domains are particularly interested in models of entrepreneurship that fall outside of the classic economic model.

**HUMAN CONSCIOUSNESS**

Consciousness itself defies a simple explanation. However, its Latin etymology of ‘conscientia’ means ‘a shared knowledge’, indicating that consciousness is something beyond individual knowledge and perception that can inform our thoughts, beliefs, and behaviours. Most definitions refer to consciousness as an understanding of ourselves as part of an interconnected, relational universe. For example, Siegel (2007, p. 141) defines consciousness as “extending beyond a merely personally experienced awareness… to involve a “consciousing” self in the embodied and relational world”. Karp (2006, p. 293-294) too defines consciousness as “the ability to perceive the relationship between oneself and the environment”. The word environment is used here in its broadest sense, and conforms to Mitroff’s (2003) description of connectedness that exists not just with other people, but with all things in the universe.

Significantly, consciousness involves different aspects. Karp (2006) summarises debate by describing two kinds of consciousness: the phenomenal consciousness which includes experience based upon the senses (seeing, smelling, hearing, touching, and tasting), and access consciousness which involves tapping into the vast universe beyond that which can be perceived by human senses. This is the universe that Einstein described as being a million times more than what could be detected by human senses (Schwerin, 1998). This universe is unimaginably complex and exhibits an order at a deeper level beyond the surface level of order perceivable by the senses (Bohm, 1980). Management scholars have referred to this realm beyond the human senses as the subjective realm (Ashar & Lane-Maher, 2004; Gull & Doh, 2004). Higher consciousness is developed through practices aimed at transcending the individualistic self to attain glimpses of this more all encompassing reality with which an individual is interconnected. Further, higher consciousness transforms the notion of ‘self’ into what Chia (1999) labels a ‘logic of otherness’. ‘Otherness’ implies that no action is singularly enacted, but rather ripples outward with effects that influence others on many levels beyond what can be sensed with the eyes, ears, nose, tongue, and skin. For instance, Bohm (1980) notes that seemingly isolated or separate particles may be intimately connected with one another at a level of which we are not consciously aware.

**EFFECTUATION**

Effectuation has emerged as a view of entrepreneurship that provides an important alternative perspective to the rational, economic view of entrepreneurship that has dominated the literature (Sarasvathy, 2001a; Sarasvathy et al., 2003). Effectuation is a decision making perspective that suggests an entrepreneur begins with a set of means. Means are given and the entrepreneur selects from among possible effects (new product, service, company) that could be created with his or her
means (Sarasvathy, 2001a; Sarasvathy, 2001b). This is in contrast to the classic economic model in which the entrepreneur is assumed to start with a desired effect or outcome and then assembles the means necessary to achieve that particular effect. Sarasvathy (2001a; 2001b) illustrates the difference between the classic economic approach and effectuation through the example of a chef. The chef, following the classic economic model, picks a menu (effect) in advance and then assembles the means (ingredients and utensils) while the effectuating chef opens the cupboard to see what utensils and ingredients are available, who might be around to assist (a contingency), and prepares one of many delicious meals that is possible given the means.

In further contrast to the economic model, effectuating entrepreneurs are moulders and creators of the part of the world with which they are concerned rather than predictors of and reactors to events in the world (Sarasvathy, 2001b). Entrepreneurs thus attempt to shape and create a market rather than divine it (Sarasvathy, 2001b). Effectuation processes seem to include the very creation of entrepreneurial opportunities as the entrepreneur combines means with contingencies (who happens to be around to help the chef as mentioned above) to enact one of many effects made possible by the unique combination of means and contingencies at a point in time. Such a combination of contingencies and means may never exist again for the entrepreneur. Moreover, the opportunities that do emerge in time spring from a dynamic, interactive process that can involve intense negotiation among the entrepreneur and various stakeholders (Sarasvathy et al., 2003). Who comes on board to join the venture determines what the goals and effects will be (Sarasvathy & Dew, 2008). Using the example above, the effect (menu) the chef creates is different given the contribution of one assistant chef versus another.

In yet another contrast with the economic model of entrepreneurship, effectuation envisions the entrepreneurial process as actor dependent not effect dependent. In effectuation, effects do not hover independently from the entrepreneur out there in the economy waiting to be discovered. Instead, effects are shaped and enacted by entrepreneurs through imagination and aspiration (Sarasvathy, 2001a). An effect is driven by the entrepreneur’s ability to notice and use contingencies including potential stakeholders and creatively combine means with these contingencies.

CONSCIOUSNESS AND EFFECTUATION INTEGRATED

The effectuation approach to entrepreneurship facilitates and, we believe, implicitly encourages an exploration of human consciousness and its role in the entrepreneurial process. Effectuation’s focus on the actor as enactor and linchpin in the entrepreneurial process encourages a consideration of all means at this creative actor’s disposal. We thus throw the actor’s “level of consciousness” into the mix of means available to the entrepreneur and develop research questions around this integration. Preliminary literature suggests that there may well be a link between notions of heightened human consciousness and entrepreneurship. For example, management scholars indicate that individuals with heightened consciousness may see more opportunities than (Neck & Milliman, 1994) and view stakeholders differently from an individual functioning at the level of surface thought and reflection (Mitroff & Denton, 1999a; Knights & O’Leary, 2006; Steingard, 2005a). The following two sections provide an initial attempt at integrating effectuation and ideas on heightened human consciousness. The first section extends the basic research questions of effectuation (see Sarasvathy, 2001a; 2001b) to the case of an entrepreneur operating at a level of expanded consciousness and the second section illustrates and describes how such consciousness might shape effectuation processes. Extending Research Questions

Sarasvathy (2001a; 2001b) has identified a fundamental set of means that entrepreneurs use in effectuation processes. These are characteristics of the entrepreneur and fall into three broad categories: 1) who is the entrepreneur; 2) what does the entrepreneur know; 3) whom does the entrepreneur know? Table 1 extends this set by illustrating how they could manifest when an entrepreneur is operating from a state of heightened consciousness. The table is not meant to be an exhaustive description of means available to the highly conscious entrepreneur, merely a start on a description. Also, the table forwards broad research questions and more specific propositions suggested in each category of entrepreneurial means.

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Insert Table 1 About Here

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Who is the entrepreneur? Empirical research shows entrepreneurs that begin with the same technology (Shane, 2000) or the same product (Sarasvathy, 2001b) end up creating very different firms and envision disparate markets. The differences are due to the diverse characteristics of the entrepreneurs creating the ventures (Shane, 2000; Sarasvathy, 2001b). Table 1 lists, in the first column, two points that show “who the entrepreneur” is in the case of an entrepreneur of heightened or expanded consciousness. In particular, this entrepreneur engages in practices meant to expand conscious awareness. Practices are a set of procedures or methods a person does on a regular basis to move beyond the limitations inherent in the human personality (Neck & Milliman, 1994); limitations created by personal likes and dislikes, pains and pleasures, and ingrained behavior patterns (Corner, 2008). The management literature contains a somewhat surprising variety and number of practices for heightening consciousness. These range from secular practices such as self - thought- leadership (Neck & Milliman, 1994) and the twelve step program from alcoholics anonymous (Mitroff, 1998) to more religious bases practices such as St. Ignatius Loyola’s exercises (Moberg & Calkins, 2001). Practices from eastern philosophical and spiritual approaches are also reflected including yoga (Corner, 2008) and Buddhist practices for mindfulness (Weick & Rutelife, 2006; Weick & Putnam, 2006).

The goal of practice is to harmonize the entire being (physical, mental, and emotional components) (Corner, 2008) as a way to begin to perceive the vast reality beyond which is accessible by human senses and intellect (Fiof & O’Connor, 2004; Capra, 1999; Neck & Milliman, 1994). As Einstein said, human senses can only detect one millionth of actual reality (Schwerin, 1998). It is this flowering of perception beyond what is knowable within the 3 dimensional space of human sense-based perception that we refer to as expanded or heightened consciousness. Individuals who have developed such consciousness have increased self-awareness so that knowledge that was previously obscured in the subconscious or even the unconscious has been made conscious and is accessible by the individual, the entrepreneur in this case.

What the Entrepreneur Knows. The entrepreneur with heightened consciousness is sensitized to the realm beyond human senses and intellect as they perform experiments at the sub-atomic level to discover the nature of matter. These physicists have found that matter manifests itself in ways that are mutually exclusive to the human intellect; electrons behave as both waves and particles and also as neither (Capra, 1999; Wolf, 1986). It is extremely difficult to describe or explain this realm using language and concepts, all products of the limiting human intellect. What we know of this realm comes from mainly two sources. One is quantum physics (see Capra, 1999) and the application of its findings to other sciences such as medical science (Astin et al., 2000). The other is eastern philosophical and spiritual traditions such as yoga and Buddhism wherein experiential practices such as mindfulness and meditation have given practitioners an experience of this realm, fleeting at first, but growing with time and more practice (see Weick, 2006). However, knowledge resources which may be available to individuals able to access this realm, even fleetingly, are being identified and described by management scholars. We draw mainly on this literature to conjecture what knowledge resources may be available to the entrepreneur with heightened consciousness.

Table 1 lists, in the first column of the second row, knowledge resources that are most commonly identified as available to the entrepreneur with heightened consciousness. Most of these knowledge sources are widely advocated as essential to the entrepreneurial process but difficult to access. Interestingly, the more practitioner oriented literature also offers techniques for developing these resources such as de Bono’s (1999) “six thinking hats” and Pink’s (2006) techniques for developing greater access areas of the brain that are generally untapped. The potential of heightened consciousness for entrepreneurship seems clear just from considering this cell in Table 1 -- heightened consciousness can provide knowledge resources that are crucial to the entrepreneurial process and have been considered crucial since the inception of the field.

Whom the Entrepreneur Knows? A consistent theme in the literature that discusses heightened consciousness and its link to management is the idea of connectedness (see Neck & Milliman, 1994; Driscoll & McKee, 2006). As consciousness begins to expand beyond that of surface consciousness individuals get glimpses of being part of an inter-connected whole (Steingard, 2005a). As such, the highly conscious individual feels connected to other people, indeed to the entire natural environment. This finding comes to us from physics and related sciences (see Capra, 1999; Lazar et al., 2005), from practitioners of Eastern philosophial and spiritual traditions (Dalai Lama, 2005; Niranjanananda, 2002), as well as from managers within American corporations (Mitroff & Denton, 1999b)! It thus seems fair to say that the entrepreneur with heightened consciousness, even small glimpses of heightened consciousness, has a broader perception of who and what stakeholders are
when effectuating a new venture. For example, the management literature reports cases of entrepreneurs who saw the natural environment or a community (Cho, 2006) as a stakeholder in their fledgling enterprise.

**Consciousness and Effectuation Processes**

In addition to its effect on fundamental entrepreneurial means, we see the heightened consciousness of the entrepreneur influencing all stages of an effectuation process. Some possible influences are described in Figure 1. This figure illustrates the potential that the integration of human consciousness and effectuation has for extending research in entrepreneurship, it is not meant to be a definitive depiction of effectuation processes.

The first box of Figure 1 shows the ideas that occur to the entrepreneur and seem worth pursuing (Sarasvathy, 2001a). While the entrepreneurship literature has long argued that a creative “spark” or moment of insight is the genesis of these ideas, this moment is difficult to fully account for in the traditional rational-economic model (Roper & Cheney, 2005). We assert that integrating heightened consciousness into the entrepreneurship literature offers a source from which such ideas surface. The source is heightened consciousness and the entrepreneur who has glimpses of it can draw on insight, creativity, and intuition (Sfeir-Younis, 2002; Steingard, 2005a) as already described. Research examining the role of human consciousness in management has provided some descriptions of this source such as a subjective, not rational realm (Gull & Doh, 2005) and a holistic paradigm of tacit knowledge (Ashar & Lane-Maher, 2004). Moreover, existing research is clear that practices to develop heightened consciousness are the way to access this subjective realm (see Neck & Milliman, 1994; Mitroff, 1998; Weick & Putman, 2006; Weick, 2006; Corner, 2008). Future research is needed to explore the role of these practices in business innovation and creativity and in documenting entrepreneurs’ descriptions of the insights that sparked their initial entrepreneurial ideas.

Returning to Figure 1, the original idea will be considered and likely modified and shaped by the means, contingencies and stakeholders listed in the second box of the figure, consistent with descriptions of effectuating entrepreneurs (see Sarasvathy 2001a; 2001b). What is interesting to note is that the integration of consciousness with effectuation tends to expand these important components of effectuation. For example, means could be practices engaged in to enhance consciousness and the idea of stakeholders may be expanded to include future generations and even the natural environment (Drisoll & McKee, 2006). A further elaboration of this box in light of human consciousness ideas is necessary but beyond the scope of the fifteen page format for these conference proceedings.

The remaining two boxes of “intermediate effects” and “enduring effects” indicate the potential for the consciousness/effectuation integration proposed in this manuscript to apply beyond the for-profit entrepreneurship literature. Examples of intermediate effects listed here do include innovative products and services which are standard effects considered in the for-profit entrepreneurship literature. However, effects such as “charitable trusts”, “community organizations”, and “social purpose enterprises” extend into the not-for-profit and public sectors, sectors that are becoming increasingly interested in implementing ideas and processes from the for-profit entrepreneurship literature (Roper & Cheney, 2005). Future research could explore the applicability of the integrated framework presented here to these other sectors of society as well as to the for-profit sector that is typically of primary interest in the field of management.

The “enduring effects” box lists outcomes that the management literature suggests are possible long term benefits given the application of heightened human consciousness to the business sector of society. Such long term effects are advocated within the management literature, often within the sustainability literature, but generally from a strong normative perspective that tells firms what they ought to be doing (Spence & Rutherford, 2003; Carr, 2003). A potential contribution of the current manuscript is the identification of the grass-roots effectuation elements -- means, contingencies, stakeholders -- as part of the process that can lead to these sustainable outcomes that are so passionately advocated in the normative literature. These grass-roots effectuation elements, we suggest, anchor these normative ideals into the everyday world of the effectuating entrepreneur who is simply trying to pursue a good idea. The linkage of these normative ideals for business with the everyday world of the entrepreneur has the potential to open avenues of future, multi-disciplinary research as well as provide a framework within which practical support may be designed to encourage entrepreneurial projects that take steps toward effectuating these longer term outcomes.
REFERENCES


Figure 1. Heightened Human Consciousness and Effectuation Processes

- Idea(s)
  - Arises from subjective realm (Gull & Doh, 2004)
  - Reflects reality beyond 3 dimensions of human senses (Capra, 1999)

- Means
  - Innovative product
  - Creative service
  - New market
  - NGO
  - Community organization
  - Charitable trust
  - Social purpose enterprises (Roper & Cheney, 2005)

- Contingencies

- Stakeholders
  - Human, social, ecological capital formed (Gull & Doh, 2004)
  - New paradigm business enacted (Asher & Lane-Maher, 2004)
  - Human-scale, stakeholder owned enterprises, not mega-corporations (Korten, 1999)

- Intermediate Effects
  - Reshaped institutions (Grenier, 2006)
  - Sectors with ethical value system (Knights & O’Leary, 2006)
  - Profit as a means, not an end (Steingard, 2005; Mitroff & Denton, 1999)

- Enduring Effects
  - Reflects reality beyond 3 dimensions of human senses (Capra, 1999)
Table 1: Extending effectuation’s fundamental set of means (Sarasvathy, 2001a; 2001b) to the highly consciousness entrepreneur

<table>
<thead>
<tr>
<th>Fundamental set of means for effectuation</th>
<th>Extended research questions</th>
<th>Propositions</th>
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<tbody>
<tr>
<td><strong>Who is the entrepreneur?</strong></td>
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<tr>
<td>- Engages in practices to expand conscious awareness (Neck &amp; Milliman, 1994; Mitroff, 1998; Corner, 2008; Weick &amp; Putnam, 2004)</td>
<td>Q: How do practices influence/inform opportunity identification or creation? Q: How do practices influence/inform entrepreneurial failure or exit? Q: How do practices interact with other means available to the entrepreneur? Q: Do different kinds of practices for heightening consciousness (Eastern/Western; Secular/Religious) disparately affect effectuation processes?</td>
<td>P: Entrepreneurs engaged in consciousness heightening practices will identify more opportunities that entrepreneurs who have no such practice. P: Entrepreneurs engaged in consciousness heightening practices will see entrepreneurial exit as an opportunity while entrepreneurs who have no such practice will see exit as a threat or negative situation.</td>
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<td>- Has access to a spectrum of consciousness beyond human senses and intellect (Fiol &amp; O’Connor, 2004; Steingard, 2005; Asher &amp; Lane-Maher, 2004; Gull &amp; Doh, 2004)</td>
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<td><strong>What the entrepreneur knows?</strong></td>
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<td>- Intuition (Chu, 2007; Sfeir-Younis, 2002; Capra, 1999)</td>
<td>Q: What is the role of intuition in the surfacing of entrepreneurs’ initial ideas? Q: What is the role of intuition in entrepreneurs’ choice of means? Q: How do entrepreneurs weight objective and subjective knowledge as their ventures evolve from idea to working company?</td>
<td>P: Entrepreneurs with heightened consciousness will identify more contingencies than those operating at a level of surface awareness. P: Entrepreneurs with heightened consciousness will identify more means at their disposal than entrepreneurs operating at a surface level of awareness. P: Entrepreneurs with heightened consciousness will identify many more connections between their product/service and the wider environment than will entrepreneurs operating at a surface level of awareness.</td>
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<td>- Wisdom (Chu, 2007; Steingard, 2005b)</td>
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<td>- Creativity, imagination, innovation (Steingard, 2005a; Sfeir-Younis, 2002)</td>
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<td>- Knowledge of interconnectedness with others and with natural environment (Steingard, 2005; Jackson, 1999; Mitroff, 2003; Ashmos &amp; Duncan, 2000; Gull &amp; Doh, 2004)</td>
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<td><strong>Whom the entrepreneur knows?</strong></td>
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<td>- Expanded set of stakeholders (Mitroff)</td>
<td>Q: How were values-based criteria and financial criteria factored into decisions about stakeholders? Q: When and why were values-</td>
<td>P: Entrepreneurs with heightened consciousness will identify more stakeholders than entrepreneurs functioning at the level of</td>
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<tr>
<td>&amp; Denton, 1999b; Roper &amp; Cheney, 2005)</td>
<td>based criteria and financial criteria factored into decisions about stakeholders?</td>
<td>surface thought. P: Entrepreneurs with a heightened consciousness will use value based criteria when identifying stakeholders while entrepreneurs at the surface level of consciousness will use financial criteria when identifying stakeholders.</td>
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