

Many are Called, but Few are Chosen: An Evolutionary Perspective for the study of Entrepreneurship

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Abstract

More than a decade ago, Low and MacMillan identified three elements indispensable to an understanding of entrepreneurial success: process, context, and outcomes. Since their critique, three important advances include (a) a shift in theoretical emphasis from the characteristics of entrepreneurs as individuals to the consequences of their actions, (b) a deeper understanding of how entrepreneurs use knowledge, networks, and resources to construct firms, and (c) a more sophisticated taxonomy of environmental forces at different levels of analysis (population, community, and society) that affect entrepreneurship. Although our knowledge of entrepreneurial activities has increased dramatically, we still have much to learn about how process and context interact to shape the outcome of entrepreneurial efforts. From an evolutionary approach, process and context (strategy and environment) interact in a recursive continuous process, driving the fate of entrepreneurial efforts. Thus, integrating context and process into research designs remains a major challenge. Such integration constitutes a necessary step to a more complete evolutionary approach and a better understanding of entrepreneurial success.

In entrepreneurship, as in the biblical story, many are called but few are chosen. Although the propensity to entrepreneurship varies from one society to another, a universal constant is that no matter how many entrepreneurs emerge, most do not succeed in creating lasting organizations. As Low and MacMillan (1988: p. 142) noted, “the list of potential pitfalls associated with starting a new venture appears limitless.” Understanding how and why some entrepreneurs succeed remains a major challenge for the entrepreneurship research community.

No one doubts the importance of entrepreneurship, but the merits of specific approaches to its study have been the subject of prolific debate. In the paper that gives unity to this issue, Low and Macmillan (1988) explicitly asked two questions: what exactly should we be studying about entrepreneurship, and how should we be doing it. In their attempt to specify a theoretical perspective for the study of entrepreneurship, Low and Macmillan (1988: p. 142) pointed out a basic evolutionary principle: entrepreneurs are socially important not because they exist, but

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because they succeed in creating organizations. As intellectually stimulating as it may be to find out what motivates entrepreneurs and how they differ from ordinary mortals, the more critical question is how these individuals manage to create and sustain successful organizations, despite severe obstacles.

Toward this end, Low and MacMillan identified two indispensable elements of entrepreneurship theory and research. First, any theoretical model or research design should integrate the outcomes of entrepreneurial efforts and the processes that led to those outcomes. Second, understanding entrepreneurial success requires that we consider the social context in which entrepreneurs develop their efforts.

By insisting on the inclusion of context, process, and outcomes in our theoretical models and research designs, Low and MacMillan (1988: pp. 156–157) implicitly pointed out the need for an evolutionary approach. Evolutionary theory unites in a single coherent framework a concern for entrepreneurial outcomes and the processes and contexts making them possible, using the basic concepts of variation, adaptation, selection, and retention (Aldrich, 1999). An evolutionary approach studies the creation of new organizational structures (variation), the way in which entrepreneurs modify their organizations and use resources to survive in changing environments (adaptation), the circumstances under which such organizational arrangements lead to success and survival (selection), and the way in which successful arrangements tend to be imitated and perpetuated by other entrepreneurs (retention).

In arguing for the value of an evolutionary approach, we are not broaching a new idea. Indeed, Low and MacMillan mentioned several previous articles (Aldrich and Auster, 1986; Hannan and Freeman, 1977) that suggested such a possibility. In this article, we survey the past decade and evaluate the extent to which evolutionary theoretical developments and empirical research have advanced our comprehension of entrepreneurial activities. In other words, have we used our time wisely? What are the next steps to be taken? We focus first on theoretical models and then turn to issues of processes, contexts, and outcomes.

Theoretical Advances

Theory, as an interpretive lens, profoundly influences our capacity to understand phenomena. One powerful traditional interpretation that Low and MacMillan roundly criticized was a concentration on entrepreneurs as objects of study by themselves. Classical romantic views of entrepreneurs hid the fact that most achieve only modest success and that success does not depend entirely on the capacities of individuals. As a new theoretical approach, evolutionary theory contributes another interpretive lens by calling attention to the complex and chaotic world of entrepreneurial activities.

Two small but significant theoretical developments, in our opinion, play a central role in the demystification of entrepreneurs. First, the concepts of “nascent entrepreneurs” and “entrepreneurial cycles” emphasize that most would-be entrepreneurs never succeed in actually creating organizations (Reynolds and White, 1997). Second, the distinction between “innovation” and “reproduction” in