Job Security and Entrepreneurship: Enemies or Allies?

Brandon Randolph-Seng
Ronald K. Mitchell
Alejandra Marin
Jae H. Lee

Executive Summary

In a synthesis of the relevant social cognition, human resources, stakeholder, and entrepreneurship literatures, this article explores how perceptions about entrepreneurship affect entrepreneurial behavior and job security seeking. Definitions and reasons for the apparent incompatibility of entrepreneurship and job security are analyzed, with the impact of cognitions about the two terms being addressed. Next, a model of when and how entrepreneurship vs. traditional job seeking may be the chosen method of economic security is proposed. This Steady State Model of Security Seeking in an Imperfect Economy describes a cyclical process in which individuals make three fundamental decisions concerning their economic security. Finally, arguments are presented in support of the conclusion that entrepreneurship can reliably provide an alternative to the traditional job seeking means of obtaining economic security.

Keywords: *Job security, Entrepreneurship, Self-efficacy, Social cognition*

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"You just felt like the world was unraveling. People started to sell and they sold hard. It didn't matter what you had — you sold." - Ryan Larson (as quoted in Bajaj & Grynbaum, 2008)

For stock market traders like Ryan Larson, the economic crisis of 2008 was life changing. The same could be said of many people throughout the world. One basic human need is a desire for economic security (i.e., Stevens, 2001; De Cuyper, De Witte, Vander Elst, & Handaja, 2010) or, "having provisions in store for an uncertain future" (Durant, 1935, p. 2; see also Greenhalgh & Rosenblatt, 1984; Direnzo & Greenhaus, 2011). Yet, central to all economic activity is transacting in an imperfect economy: one characterized by poor and weak governance structures and institutions (Arrow, Dasgupta, & Maler, 2003) and in which perfect, logical, and deductive rationality rarely prevails (Williamson, 1985; Rumelt, 1987; Arthur, 1994; Mitchell, 2004).

Under the present status quo in developed economies, individuals are most likely to balance their need for economic security in an imperfect economy by getting and keeping a stable job in an established organization (Maslow, 1954; Herzberg, Mausner, & Snyderman, 1959; Mitchell, 2001, 2004). Yet, as the 2008 economic crisis has demonstrated (Garling, Kirchler, Lewis, & van Raaij, 2009; Yunus, 2009), and others have warned (see Mandel, 1996; Hytti, 2005), getting and keeping a stable job in an established organization is becoming a less and less reliable means of fulfilling the human need for economic security (Dominitz & Manski, 1997). If seeking and keeping a stable job increasingly provides uncertain work security, does the possibility exist for reliable alternative options? We posit that at least one possibility is emerging as an ever-more reliable alternative method of work security, namely, entrepreneurship.

ENTREPRENEURSHIP

Entrepreneurship is widely seen as having a positive impact on the world's economy (Ireland & Webb, 2007). Not only do entrepreneurial actions produce new and innovative products and services for consumers and organizations (Covin & Miles, 1999), but also such actions produce new jobs and revitalize economies (Birley, 1986). Historically, entrepreneurship was defined as a means to attain economic security. Since the noun "entrepreneur," first entered language in the 15th century [originating with the French verb "entrepreneur," in the 12th century (Hoselitz, 1951) connoting "to do something"], the notion of "undertaking" independent economic action to attain greater prosperity (and thereby security) was understood (Cantillon, 1964/1755). However in our modern day, entrepreneurship is often associated with risk, ambiguity (Knight, 1921; Venkataraman, 1997; Busenitz, 1999; Shane & Venkataraman, 2000), and failure (Venkataraman, van de Ven, Buckeye, & Hudson, 1990; McGrath, 1999; Shepherd, 2003). How then can something as rare and seemingly risky as entrepreneurship be a candidate for a reliable personal method of economic security? In order to clearly recognize how entrepreneurship can provide economic security, an understanding of the process of economic security seeking by individuals in developed economies is needed, which we discuss next.

JOB SECURITY

The desire for economic security has become increasingly salient for many individuals and households since the 2008 economic crisis (see Garling et al., 2009). As mentioned above, in developed economies, individuals are most likely to balance their need for economic security in

an imperfect economy by getting and keeping a stable job in an established organization (Maslow, 1954; Herzberg et al., 1959; Mitchell, 2001, 2004). Maslow explained that "we can perceive the expressions of safety needs…as the common preference for a job with tenure and protection" (1954, p. 87), which is usually provided by an organization. Herzberg et al. defined job security "to include those features of the job situation which lead to assurance for continued employment, either within the same company or within the same type of work or profession" (1959, p. 41). These perspectives imply that underlying the need for job security is the pursuit of protection and continued employment within an organization. However, the volatile economy and organizational conditions have led workers in organizations to believe that psychological contracts are increasingly short term, transactional, and characterized by diminished trust in employers (Herriot, Manning, & Kidd, 1997; Smithson & Lewis, 2000). It is argued that because of the decline in job security, individuals have shifted their focus away from the organization toward personal career development, causing employability to replace job security as a primary value and driver behind career management decisions (Waterman, Waterman, & Collard, 1994; Iles, Forster, & Tinline, 1996; Galunic & Anderson, 2000; Grote & Raeder, 2009; Baruch, 2001; Benson, 2006; Berntson, Naswall, & Sverke, 2010).

Useful in understanding an economic-security-seeking method of obtaining and keeping a stable job is the concept of self-efficacy. The construct of self-efficacy, derived from social cognitive theory (Bandura, 1986), is thought to play a primary role in relating individual perceptions about self, work and others, to consequences such as goal level and persistence, and ultimately to performance (Gist & Mitchell, 1992). Self-efficacy is defined as the, "perceived capability to perform a behavior" (Williams, 2010, p. 417). Therefore, self-efficacy is situation specific and based on past mastery experiences, modeling, verbal persuasion, and emotional states related to that behavior (Bandura, 1997), which can create cross-situational coherence in self-efficacy appraisals (Cervone, 2004). But high self-efficacy, when found to relate positively to job satisfaction, performance and motivation (Judge, 2009), and entrepreneurial intentions (McGee, Peterson, Mueller, & Sequeira, 2009), is context dependent (e.g., Zhao, Seibert, & Hills, 2005); for example, without the needed experiences to build entrepreneurial self-efficacy, economic security is likely to be perceived as best fulfilled through a traditional job seeking path. Hence job security and entrepreneurship as mutually exclusive, appear as enemies, not allies.

JOB SECURITY AND ENTREPRENEURSHIP: ENEMIES

Why is entrepreneurship viewed as a non-viable alternative to a stable job? Entrepreneurship has been defined in many different ways (Shane & Venkataraman, 2000; Busenitz, West, Shepherd, Nelson, Zacharakis, & Chandler, 2003; Rindova, Barry, & Ketchen, 2009). Among these many conceptualizations is the notion of entrepreneurship as "the pursuit of opportunity without regard to resources currently controlled" (Stevenson & Jarillo, 1990, p. 23; Stevenson & Jarillo, 2007). This definition assumes that in a process of firm formation, entrepreneurs do not own or control most of the resources, but it is through their judgment and actions that they achieve resource mobilization (Casson, 1992; Shane & Venkataraman, 2000). Nevertheless, since such decisions are not always correct, the process of firm formation is surrounded by possible errors that can lead to shortages and misallocated resources, and hence to firm failure (e.g., Dunne, Roberts, & Samuelson, 1988; Shepherd, 2003) – worse than a job.

Past research has focused on three common perceptions of entrepreneurship that suggest why entrepreneurship and job security are perceived as being incompatible (Ray, 1994; Hytti, 2005; Wu & Knott, 2006; Fairlie, Kapur, & Gates, 2011). First, many people think that venturing

is simply too risky (Knight, 1921; Kolvereid, 1996; Wu & Knott, 2006). Second, many people believe that one must be "born" an entrepreneur (Hisrich, 1990; McMullan & Long, 1990; Stewart, Watson, Carland, & Carland, 1999). Third, many people perceive the maintenance of multiple economic relationship by entrepreneurs, especially in the growth stage of a new venture, to be too demanding and outside their comfort zone (Meyer & Dean, 1990).

The first perception likely has its roots in the potential of business failure and lack of experience in venturing. Business failure can, among other things, have lasting relationship repercussions such as damaged reputation, credit, and friendships (Shepherd, Wiklund, & Haynie, 2009). Further, due in part to the potential of business failure, few individuals venture, (Knight, 1921; Kolvereid, 1996; McGrath, 1999). And partly because of this lack previous experience, of those that do venture many fail (Shepherd, 2003), thus increasing the perception of riskiness.

The second perception arises because it is the *de facto* belief that one must be "born" an entrepreneur (e.g., Carland, Carland, Hoy, & Boulton, 1988; Hisrich, 1990; Stewart et al., 1999) so that when someone does venture and fail, venturing is often abandoned and the steps needed to overcome that failure are neither investigated nor taken. The common attributions then arise that: (1) most individuals do *not* have the entrepreneurial personality type needed to venture, and (2) venture success is unlikely for most people. Therefore, failure is often fatalistically attributed to the lack of personal entrepreneurial characteristics and hence to an emphasis on success/avoidance of mistakes (Levinthal & March, 1993; McGrath, 1999; Shepherd, 2003).

The third perception arises because there is an underlying expectation for the entrepreneur to be able to manage a higher number of personal networks (Lipparini & Sobrero, 1994). Yet the formation of the multiple relationships which result in entrepreneurship is often difficult (Meyer & Dean, 1990; Stevenson, Roberts, & Grousbeck, 1994). Hence, many people prefer to engage in single economic relationships. Network theory also supports the assertion that establishing and keeping relationships is demanding and that there is a certain limit that individual can handle (e.g., Granovetter, 1983). Individuals thus focus on finding, keeping, or just tolerating jobs, rather than identifying, prioritizing, and building sound economic relationships with venture stakeholders (Carroll & Mosakowski, 1987; Hytti, 2005). How then can job security and entrepreneurship become allies?

JOB SECURITY AND ENTREPRENEURSHIP: ALLIES

At an abstract level, entrepreneurship can be thought of as creative behavior (Ward, 2004; Ko & Butler, 2007). One model useful for organizing our discussion of aligning perceptions of job seeking with entrepreneurship is a model that explains creative behavior as the interaction among: (1) the individual, (2) the work, and (3) the others who both judge the work and shape the individual creator (Csikszentmihalyi, 1988; Gardner, 1993). Interestingly, where entrepreneurship is considered to be an *individual* creative behavior, the creation of a venture organization is considered to be *the work*, and the venture environment is broadly construed to be comprised of *others* in the social environment (see Figure 1). Information derived from the individual, the work task, and others in the social environment contribute to perceptions of capability, which in turn, are thought—through self-efficacy— to affect behavior . . . especially goal levels set, and persistence (Gist & Mitchell, 1992; Mogilner, Chance, & Norton, 2012).

{Insert figure 1 about here}

The perspective that persistent entrepreneurship is cognitively-based creative behavior requires individuals to possess the following knowledge: (1) domain expertise, (2) the capability to readily recognize viable ventures, and (3) skill at building stakeholder relationships. Further, based upon this model, it is to be expected that the acquisition of these three knowledge sets—by affecting perception, self-efficacy, and goal level/persistence—will reduce the disabling effects of prevailing perceptions about venturing, namely: (1) that venturing is too risky, (2) that a person must be a born an entrepreneur to be effective/successful at venturing, and (3) that only one kind of economic relationship (a job) is tenable. Reconciliation between perceptions of job security and entrepreneurship within each of the interactions in our application of the Csikszentmihalyi (1998)/Gardner (1993) creative behavior model (Figure 1) is discussed next.

The "Others—Individual" Interaction

Business failure can risk lasting relationship repercussions including credit problems and damage to one's reputation as well as bad feelings such as damaged friendships or associations with people who matter (Shepherd et al., 2009; Shepherd & Haynie, 2011). Based upon the possibility that business failure could be a possible outcome, venturing is likely perceived to negatively impact Individual—Others interactions. Further, the risk of business failure also directly impacts perceptions of economic security, because most business failures can drastically reduce provisions in store, and hence the relationship between entrepreneurship and bankruptcy (Lee, Yamakawa, Peng, & Barney, 2011; Shepherd & Haynie, 2011).

Expertise is a specialized knowledge structure (Glaser, 1984; Galambos, 1986) that explains performance differences among individuals in specialized domains (Lord & Kernan, 1987; Lord & Maher, 1990; for an application to Entrepreneurship see Mitchell, 1994, 2005; Dew, Read, Sarasvathy, & Wiltbank, 2009). Expertise can be learned through interaction among the individual and others trained in the domain (Glaser, 1984), and through deliberate practice (Ericsson & Charness, 1994; Ericsson & Kintsch, 1995; Ericsson, Delaney, & Weaver, 2004).

Interestingly, expertise affects risk taking (Heath & Tversky, 1991), because uncertainty in the Others—Individual interaction is reduced (Krueger, 1993). It is therefore in affecting the weights in this trade-off that improvements in individual entrepreneurial activity are made possible, because there is little indication that a person's absolute level of risk adequately explains entrepreneurial activity for that individual (McMullan & Long, 1990; Krueger & Dickson, 1993). As a result, expertise has the effect of decreasing uncertainty, making risk and uncertainty linked through expertise. Expertise thus has a positive effect on self-efficacy, since enactive mastery, through effecting a positive personal assessment, influences individuals' estimation of their capacity to orchestrate desired behaviors, and to persist in those behaviors (Gist & Mitchell, 1992, p. 189). Further, self-efficacy has been shown to increase risk-taking and opportunity recognition (Krueger & Dickson, 1994), influence perceptions of opportunity and threat (Krueger & Dickson, 1993), and shape entrepreneurial intentions and actions (Boyd & Vozikis, 1994). For these reasons, the acquisition of new venture expertise is critical to overcoming the perception that venturing is too risky (see Cervone, 2004).

Importantly, expertise can be acquired by anyone who is willing to put in the time (Chase & Simon, 1973; Ericsson, Krampe, & Tesch-Römer, 1993), have the experiences (Glaser, 1984), and/or practice (Ericsson & Charness, 1994). Further, even failure is a specialized experience which provides critical knowledge that increases expertise (Malone, 1997; McGrath, 1999). It stands to reason, then, that because venture failure is positively related to knowledge, and

because of the powerful incentives that ensue from the possession of the expertise that comes from such knowledge (Mitchell, Mitchell, & Smith, 2004, 2008), the development of venture expertise is a direct antidote to the disabling perception that venture failure always increases risk.

The "Individual—Work" Interaction

In most occupations, learning to do the work consists of some type of training wherein the characteristics of a satisfactory performance are communicated to the trainee (Lim, 1996). It is therefore surprising that it is commonly perceived that a person must be born an entrepreneur to succeed in venturing. The prevailing perception is that individual personality characteristics have more effect on the success of the *work* than does knowledge of the characteristics of the *work* itself (Turban & Dougherty, 1994; Salgado, 1997; Seibert, Crant, & Kraimer, 1999; Judge, Higgins, Thoresen, & Barrick, 1999; Hogan & Holland, 2003). The effect of belief in the notion of *born entrepreneur* on perceptions about the Individual—Work interaction is to dampen entrepreneurial activity, because the erroneous belief leads far too many people to think that they *likely don't have, and never can acquire* the personal characteristics to venture successfully.

One of the implicit goals of many entrepreneurship researchers has been that wealth creation is one (if not the) foundational goal of entrepreneurial efforts (Rindova et al., 2009). The venture performance stream of entrepreneurship research, as a subunit of business strategy research, has concentrated on this task. New venture performance has been found to be a function of industry structure, venture strategy, the characteristics of the entrepreneurs, and particularly of the interaction effects among these three groups of factors (Sandberg, 1986; McDougall, 1989; Kunkel, 1991; Baum, Robert, & Ken 2001; Amason, Shrader, & Tompson, 2006). We can infer from these findings that the goal of distinguishing viable from less-viable ventures using attributes of the venture is feasible (e.g. creating a screening template), provided that we realize that due to the uniqueness of each venture, the creation of an exhaustive list is unlikely to ever be feasible.

For example, several authors have argued that the business viability of a venture might be assessed by observing the levels of innovation, value and persistence over time. The foundation of a venture is innovation (Drucker, 1985)—*new combinations* (Schumpeter, 1934), validated by objective (v. subjective) data supporting a *match with opportunities* in the marketplace (von Hayek, 1937). Value in a venture appears at two levels: to the customer (as *net buyer benefit*), and to the venture itself (as *margins* and *volume*; Ghemawat, 1991). The potential for the venture to persist over time can be observed through the *repetitive* and *long-term* purchase patterns that result from commitment (Ghemawat, 1991) and the adequacy of *resources* (McMullan & Long, 1990; Stevenson et al., 1994) needed for growth.

Other authors have argued that the strategic viability of a venture can be assessed by examining scarcity, non-appropriability, and flexibility. Scarcity in a venture curtails the two conditions that can extinguish opportunity—imitation and substitution (where, in the horizontal relationship among new entrants, rivals, and substitutes in an industry (Porter, 1980, 1981), imitation increases supply, and substitution decreases demand)—making *non-imitability* (Rumelt, 1987) and *non-substitutability* (Barney, 1991; Ghemawat, 1991) essential characteristics of viable ventures. Appropriability (Rumelt, 1987)—arising from *holdup* (Ghemawat, 1991; Williamson, 1985) (which re-distributes gains among economic actors, decreasing the size of the remaining pie slice to the company), and *slack* (Ghemawat, 1991) (which decreases the rents from a strategic position, making a smaller pie)—occurs in the vertical relationship, between suppliers and customers, and the venture. Viable ventures will have the tools to discourage appropriability, such

as norms, bargaining, contracting, and posturing (Ghemawat, 1991) to reduce holdup, and the alignment of incentives (Rubin, 1990), or adjustments in governance (Williamson, 1991) to reduce slack—lest value once created, be plundered. Lastly, flexibility—the management of uncertainty and ambiguity to yield adaptive responses—results in the creation of *adaptive organizations* (Collins & Porras, 1995). This "new venture template" assessment approach (e.g., Mitchell, 1998), which examines the attributes of the venture vs. the attributes of the entrepreneur, has been shown to triple the "hit rate" in tests of venture screening effectiveness (cf. Mainprize, Hindle, Smith, & Mitchell, 2003).

The "Work—Others" Interaction

In the Work—Others interaction, the venture created is judged within a marketplace comprised of a variety of stakeholders, which includes but is not limited to customers, suppliers, financiers, employees, governments, other entrepreneurs, etc. Despite recent job uncertainty, there are several reasons which make it reasonable to suppose that the formation of multiple economic relationships, which entrepreneurship entails, appears to be more tenuous, than does forming the employee-employer relationship entailed by a job. First, people may limit themselves to the employment relationship because they feel uncomfortable engaging in other types of economic relationships to earn a living. Second, it may seem to be easier to identify and impress one person (an employer) to gain access to money and security, than to develop multiple economic relationships, and to continually be responsible to impress multiple people to secure an income. Third, the skills needed to identify and prioritize venture stakeholders are little understood (Delmar & Shane, 2004; Townsend & Hart, 2008), which may cause further discomfort and lack of confidence in multiple economic relationships as a source of funds. The default perception is therefore widely held, that getting and keeping a job is the behavior that will more certainly lead to economic security (Wial, 1991).

Nevertheless, constructs and methods that can help to identify stakeholders, and to determine their level of salience to organizations have been suggested (Mitchell, Agle, & Wood, 1997). Mitchell et al. (1997) have suggested systematic guidelines to help venturers as well as other managers to effectively identify and prioritize stakeholders, based upon the power, legitimacy, and urgency present in stakeholder-manager relationships. Further, other authors have suggested a variety of practical ways for entrepreneurs to respond to key venture stakeholders (Stevenson et al., 1994). Thus, it now appears to be possible for prospective entrepreneurs to better learn how to effectively identify, prioritize and respond to stakeholders in the venture environment, and to thereby experience directly the powerful incentives of wealth creation through building stakeholder relationships. Attributional analysis of experience is held to affect an individual's estimate of orchestration capacity (self-efficacy), and thereby to affect the persistence of behavior (Gist& Mitchell, 1992, p. 189).

Aristotle said: "There would be no society if there were no exchange; and no exchange if there were no money" (DelMar, 1968/1896, p. 1). According to this logic, money and society are connected through exchange. That is, to the extent that individuals can produce what *other people* want, and to the extent that an individual believes that other members of society are so producing, then the growth of wealth—the supply of stored value—is, by definition, unbounded.

The understanding that money is created through building stakeholder relationships is a perception that is predicted to make entrepreneurship an *ally* of economic security, because it is thought to lead to acts that are economically productive: more exchange behavior. It is likely that

repeat venturing might be stimulated by greater ability to form effective relationships among venture stakeholders, thereby reducing problems that have their roots in stakeholder angst, such as quitting the pursuit of opportunity upon the failure of a first venture, or withdrawal from the continued pursuit of opportunity once a business is up and operating (McGrath, 1999).

Entrepreneurship and economic security are predicted to be perceived as *enemies* where the importance of these three factors (O-I, IW, WO) is not understood, where other factors are thought to matter instead, or where the presence or absence of any of the key factors is difficult to verify. The terms are predicted to be perceived as *allies* where the importance of these the key factors is understood, where the impact of other factors is thereby diminished, and where it is thought that these factors are, or can be present. In the next section, a model of when and how entrepreneurship seeking may be the chosen method of economic security is proposed.

JOB SECURITY AND ENTREPRENEURSHIP: ENEMIES AND ALLIES

We propose the Steady State Model of Security Seeking in an Imperfect Economy illustrated in Figure 2. The model describes a cyclical process in which individuals make three fundamental decisions: (1) whether to seek additional economic security, (2) whether to pursue opportunities for additional economic security through an entrepreneurial venture (self-employment) or through a job (other employment), and (3) whether or not it is possible to remain so employed (success or failure).

{Insert Figure 2 about here}

Figure 2 presents a simplified view of the social cognitive process that individuals might use to seek economic security in an imperfect economy. The constructs in the model include—on the main axis—the cognition construct: mental models, and the motivation factors: the need for economic security, and the need satisfaction processes; and—at the extreme points on the transverse axis—the two specific person-in-situation factors: domain experience, and transaction costs. We theorize that an individual's mental models evolve through successive feedback cycles that: (1) are stimulated by the need for economic security, (2) involve the several need satisfaction processes, and (3) are subject to imperfections in the economy represented by the relative "friction" resulting from transaction costs (Williamson, 1985, p. 19), and the regulation (increase or decrease) of the need for economic security from changes in domain experience. Discussed next are reasons for the inclusion of each construct in the model, and for the theoretical relationships that are suggested to hold within and among each group of constructs.

Cognition and Motivation Constructs

As portrayed in Figure 2, the mental model construct serves as the fulcrum of the model. The centrality of mental models in the cognition-motivation relationship has been well understood for some time (Maslow, 1954; Heider, 1958; Kelley, 1967). Consistency seeking due to discrepancies in cognitions (Heider, 1958), cognitive resolution of attributional instability (Kelley, 1967), or the arranging of basic needs in a hierarchy (Maslow, 1954), are causal notions in social psychology that explain why mental models are invoked to reconcile person-in-situation problems (see Fiske & Taylor, 2013) such as might occur while an individual is security seeking in an imperfect economy. Accordingly, the cognition and motivation-linked constructs: mental models, the need for economic security, and the need satisfaction processes are next defined.

Mental models. Adapting the definition from Arthur (1994) the construct, mental models, is defined to be: *adaptive sets of hypotheses / mental patterns / cognitions possessed by*

an individual, that work well with each other within a domain to satisfy some criterion, need, or goal. As noted previously, these sets of mental patterns can be grouped into three categories of individual cognitions: cognitions about the self, cognitions about the work itself, and cognitions about others in the social environment[1] (Csikszentmihalyi, 1988; Gardner, 1993). In the organizational context, self-efficacy is thought to play a primary role in relating individual perceptions about self, work and others, to consequences such as goals and persistence, and ultimately to performance (Gist & Mitchell, 1992; Mogilner et al., 2012): in short, to relate mental models, to the other cognition and motivation constructs that precede and succeed it (respectively): the need for economic security, and the need satisfaction processes (see Figure 2).

Mental models can be seen to affect in particular ways, cognitions of individuals about themselves, the work, and others in the social environment (see Figure 2). In the model, these mental models are theorized to be influenced by the need for economic security. As illustrated in Figure 2, the need for economic security is expected to change based upon its main source of uncertainty: feedback from domain (economic security seeking) experience, which in turn is the repository of the results of interactions with the environment through need satisfaction processes.

The need satisfaction processes. Figure 2 highlights the three need satisfaction processes that are defined by the self-efficacy process model (Gist & Mitchell, 1992) as adapted to security seeking to be: (1) *the process of estimating an individual's capacity to orchestrate desired events (self-efficacy about possible security enhancing actions)*, (2) *the process of making social commitments related to security seeking (the choice of job v. self-employment to satisfy security needs)*, and (3) *the consequences of self-efficacy leading from the ability of an individual to produce security-enhancing exchange behaviors (the success of security seeking attempts)*. The first of these, self-efficacy, is thought to depend upon a successive and iterative process in which an individual: (a) analyzes a task to produce inferences about what it takes to perform at various levels, (b) examines past experiences to attribute or judge, for that task, why a particular performance level occurred, and (c) assesses personal and situational resources / constraints for performing the task at various levels of achievement (Gist & Mitchell, 1992, pp.189-190).

Person-in-Situation Constructs

The social cognitive field for individuals is constituted by the needs, beliefs, perceptions, etc. of individuals as they act within the environment (Fiske & Taylor, 2013). As they apply to economic security seeking in an imperfect economy, these "person" factors are parsimoniously represented in the steady state model by the construct domain experience, through which the cumulation of individual perceptions and experiences are related to the need for economic security, while cognitions about economic interactions are represented in the model by the construct, transaction costs.

Domain experience. Domain experience is defined to be: *the cumulation of individual perceptions about relevant events.* If quite discrepant from newly or urgently perceived expectations or requirements domain experience can, through anxiety, act to heighten an

[1] To avoid later confusion, it is important to note that the constructs and relationships proposed, mental models, etc., should be assessed strictly at the individual level of analysis. That is, mental models, etc. are defined herein as cognitions which occur within an individual, about phenomena at the individual, organizational, and general social/societal levels of analysis. As such, the model being described here is specified at the single, individual level of analysis v. at a mixed level of analysis; being neither composition, cross-level, nor multi-level (Rousseau, 1985: 11).

individual's desire to acquire additional provisions in store: to stimulate a high need for economic security. Conversely, domain experience can act as a reference point for the personal perception that all-is-well, in which case the need for economic security should be relatively low (for a similar argument, see Mitchell, Mitchell, & Mitchell, 2009). In either case, the effect of domain experience on the need for economic security is predicted to serve as part of the "engine" that drives the iterations of the cyclical model illustrated in Figure 2 (turning up or turning down the flow of economic transactions undertaken by individuals). Domain experience is suggested to be updated by need-satisfaction-process feedback as satisfaction is more/less hindered by transaction costs.

Transaction costs. Transaction costs are defined to be: *the costs of running an economic system* (Arrow, 1969, p. 48) and are useful in the development of a steady state model of economic security seeking in an imperfect economy because they provide a means to account for the behavioral features of the economic environment that are not perfect, thereby causing costs. The notion that transaction costs in social systems are thought to be the equivalent of friction in physical systems (Williamson, 1985, p. 19) raises a potentially useful observation for entrepreneurship theory development. Just as friction in physical systems can be harmful in some situations and beneficial in others (e.g., drag v. traction), so transaction costs in imperfect markets can hurt or help. Therefore, transaction costs also are predicted to be another part of the "engine" that drives the iterations of the cyclical model illustrated in Figure 2, turning up or turning down the flow of economic transactions undertaken by individuals as a result of drag or traction depending upon how they are utilized by the individual.

Steady State Economic Security Seeking in an Imperfect Economy

The Steady State Model of Security Seeking in an Imperfect Economy illustrated in Figure 2 describes the positive and negative forces that come to bear as individuals make three fundamental decisions: (1) whether to seek additional economic security, (2) whether to pursue opportunities for additional economic security through an entrepreneurial venture (self-employment) or through a job (other employment), and (3) whether or not it is possible to remain so employed (success or failure).

Level of security seeking. It is predicted that the choice between security seeking and non-security seeking invokes the specialized mental models that individuals possess about competition (i.e., mental models that can create bargaining positions—small or large), because it is at this point in the security seeking process that the decision is made whether to bargain / exchange / transact or not. Where the need for economic security is defined as the desire to have provisions in store for an uncertain future, it is predicted that the reason why an individual may not be seeking economic security may relate to the absence of need. An absence of the need for economic security could arise due to lack of desire, or lack of uncertainty, or both.

In most societies there seems to be individuals who lack the desire to accumulate provisions in store. The economic stance characterized by this lack of desire to accumulate might be due (non-exhaustively) to a specific value choice (e.g. self-denial for a spiritual purpose), due to age (e.g. individuals too young or old to care for themselves), due to a disability (e.g. lack of awareness of need due to developmental difficulties), or merely due to an individual judgment that provisions in store are sufficient given the perceived level of uncertainty (e.g. one is rich, or rich enough), which of course also varies by case. For example, some locations on Earth are so congenial, and the societal norms so structured, that economic uncertainty is virtually irrelevant.

In other instances, the accumulations (such as savings and pension) might be perceived by an individual to be adequate given present uncertainty, but inadequate in times of high inflation, war, or natural disaster (Stark, 2009). Thus in some cases society, parents, or individuals themselves may provide for the economic security of non-security seeking individuals.

Within the domain of "security seeking," the construct, domain experience, or amount of experience in a certain area, is predicted to account for the variations in uncertainty that occur due to perceptions of an individual's circumstances when compared to the environment. Thus, the level of security seeking, and thereby the propensity to "compete" might be higher or lower given specific circumstances, but with the notions of provisions in store, desire, and uncertainty, the model accounts for both positive and negative feedback in the cycle, and thus for security v. non-security seeking decisions. The construct transaction costs, or costs of running an economic system, counts for the alternatives: non-seeking v. seeking. For those who do not seek economic security, it is predicted that the transaction costs of competing for it are just too high. For those seeking economic security, it is predicted that the transaction costs of not seeking it are unacceptable. Thus, security / non-security seeking may be viewed as the substitution of one state of seeking for its alternative, at the margin, due to transaction costs.

Level of venturing. Once the portion of individuals who are not security seeking are accounted for, the status of the remaining individuals[2] may be described using either the level of venturing, or the level of job-holding—since these are alternative states of economic security seeking. Making the choice between venturing or job-holding is predicted to require the use of specialized mental models that individuals possess about promise (mental models that help in identifying and prioritizing stakeholders thereby building trust in economic relationships) to help them to predict which course or action is likely to be more reliable. Promise-based cognitions assist individuals in assessing the likelihood that those with a "stake" (Clarkson, 1993; Mitchell et al., 1997) in their economic well-being will enhance their security.

Several well-known studies define the present state of economic security seeking through venturing. One comprehensive study demonstrates that the rate of entrepreneurship in the U.S. economy has varied over time and that these variations are not random (Shane, 1996, p. 761). Shane's (1996) research supports earlier studies that chronicle levels of entrepreneurship (Steinmetz & Wright, 1989) and in a similar vein identifies a variety of reasons for the variations.

The transaction-cognitive model developed in this article sheds additional light on the reasons for these variations. As noted earlier, transaction costs represent the consequences of social friction on economic security seeking. Under the assumptions of the model, the social commitments made by individuals, such as choosing a job v. self-employment, ought to be related to costs that attend the transactions associated with that social choice. For example, if my mental models for security seeking center on "work that I like and can do," and if work that I like and can do involves using highly sophisticated equipment that is only available to people who take jobs in particular organizations, I may have high transaction costs relative to self-employment and see more "promise" in employment with such an organization. Alternatively, if

[2] Admittedly there are those who engage in ventures or jobs who have low levels of security seeking (e.g. they engage for the fun, the challenge, or a passion, more than for the security). Although there is reason to suppose that the theory developed herein would also apply to non-security seeking venture v. job, and success v. failure decisions at the margin, such an analysis is beyond the scope of this article and is therefore left for discussion elsewhere.

I have been raised in a setting where the mental models of self-employment have been readily available and have been internalized by me with positive self-efficacy, then I may have high transaction costs relative to seeking job employment and see more promise in a venture.

Level of success or failure. Whether an individual chooses a job or self (entrepreneurial / venturing) employment, there remains a third decision that every security seeking individual must make from time to time; that is: whether or not it is possible to remain so employed: a decision we can also term the success or failure decision. Transaction cost theory suggests that an alternative governance system will be invoked when the costs of organizing an extra transaction within the existing governance system become equal to the costs of carrying out the same transaction through an exchange on the open market (Coase, 1937, p. 396). Thus, when exchange behavior is no longer effective, transaction costs will drive the transactions into the open market (i.e. an entrepreneur will fail; a person will be fired, quit, etc.). Thus, transaction failure and venture failure are closely related (Venkataraman et al., 1990). According to the Steady State Model of Security Seeking in an Imperfect Economy, jobs or ventures fail when plans fail, because the specialized mental models that individuals possess about planning are expected to impact the effect of transaction costs on the success of transacting.

SUMMARY AND CONCLUSIONS

In this paper we have posited that entrepreneurship can reliably provide an alternative to the traditional job seeking means of obtaining economic security. In order for individuals to successfully take advantage of the proposed alterative, we have further argued that perceptions of entrepreneurship as being inconsistent with economic security should be addressed through the creation of specialized and refined mental models. Specifically, we have focused on three common perceptions of entrepreneurship. First, many people believe they must be "born" an entrepreneur; therefore their venture planning mental models appear to be insufficient. Second, many people think that if they try to maintain multiple economic relationships, they will be less economically secure; therefore their venturing promise mental models appear to be underdeveloped. Third, many people see venturing as being too big of a risk for them; therefore their venture competition mental models seem to be lacking.

Accordingly, due to the foregoing three perceptions, there is little demand for venturing, prompting little demand for better mental models, and little likelihood for a change in the status quo. However, should these perceptions be modified, it is likely that increased demand for better venturing mental models would lead to better venturing outcomes and a more level playing field for choice-making in the search for economic security. It is at this point in the argument that we are now prepared to answer the question: So what does this mean for real people, that is – for potential entrepreneurs, and for the scholars who try to offer explanations to help them?

Implications for Practice

The first implication for practice follows from the idea that effectively making the job vs. entrepreneurship decision is creative at its core: individuals creating works for others. This decision is focused on "the self." That is, the nature and quality of individuals' mental models is at the center of it all. Teaching people entrepreneurship by teaching the business plan, therefore, may therefore be only a tangential activity (see, e.g., Mitchell, 2005). Research shows, and we therefore argue, that expertise-type mental models are better created by direct experience with experts. We thus applaud – and our theory supports – the deeper-engagement approaches that

could replace business plan writing in entrepreneurial education: e.g., expert entrepreneurship mentor initiatives, which utilize experiential interaction of learners with mentors.

The second implication for practice follows from the idea that it is the venture attributes rather than the personality attributes that are determinative in venture success. This implication is focused on "the work." Earlier we noted theory and research that demonstrates this point: where use of a new venture "template" can multiply venture creation and decision-screening effectiveness at least threefold (Mainprize et al., 2003). This approach focuses on the venture as the entrepreneurial "work"; and it comports well with the model presented in this paper. By creating a template for the work, we (in effect) create a mental model that itself can be updated and refined as impinged upon by the driving forces in the model: domain experience, and the hurt/ help effects of transaction costs.

The third implication for practice flows from the idea that entrepreneurship is an inherently social undertaking; and thereby it focuses on "the others." The process of identifying and assessing the "salience" of stakeholders (cf, Mitchell et al., 1997) has been working very well in managerial settings as is evidenced by use of this model in most stakeholder-focused textbooks; and in thousands of applied settings (see Google Scholar citations for a sampling of the wide-scope of its influence). But, we argue, the mental models that are possible for application in the case of entrepreneurs have not yet been fully explored (as evidenced by their lack of inclusion in most entrepreneurship textbooks, or popular press publications). We suggest that this lack of focus on "the others" in the present approaches to the creation of entrepreneurship mental models is a place where future implementation could be productive.

Implications for Research

The idea that entrepreneurship can be viewed to be a security-seeking behavior is not intuitive. Yet explanations for entrepreneurship remain focused on the discovery and creation of new opportunities, on venture capital mechanisms, and even on the various manifestations of entrepreneurial behavior (e.g. social entrepreneurship), while lacking theory to suggest that entrepreneurial action may, in many cases, be effective security seeking behavior; while at the same time, persistent attention to finding and holding jobs, may be much more security-dangerous than has previously been expected. We call for additional research into the mechanisms whereby the use of transaction cognitions to reshape relationships among individuals, their work, and the others, can lower the transaction costs from individuals' bounded rationality, the specificity of the work, and the potential opportunism that can appear in individual-others relationships, such that the creation/discovery of more new value from the creation of new transactions and new ventures can be better explained (cf. Mitchell, 2001).

Conclusion

Simply stated, then, the present situation for the majority of people is that they want security. And, until it can be demonstrated that entrepreneurship can reliably contribute to the economic security of the majority of individuals who engage in it, most people seeking economic security won't venture, a large proportion of those who do venture will fail, and most venture failures will be unwittingly tolerated[3]. In this article, however, we argue that despite common perceptions about entrepreneurship, economic security and entrepreneurship are compatible.

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[3] The reader is invited to consider the following two questions: Would manufacturers tolerate a situation where 50-80% of the cars produced failed? Why, therefore, should present levels of venture failure be tolerated?

Although much empirical work remains to be done, the continued pursuit of opportunity *without* putting at risk provisions held to secure an uncertain future, while *creating* the resources necessary for the pursuit, appears to be possible across imperfect market economies. The critical question which then remains for 21st Century society to answer is this: People wanted security—did entrepreneurship deliver?

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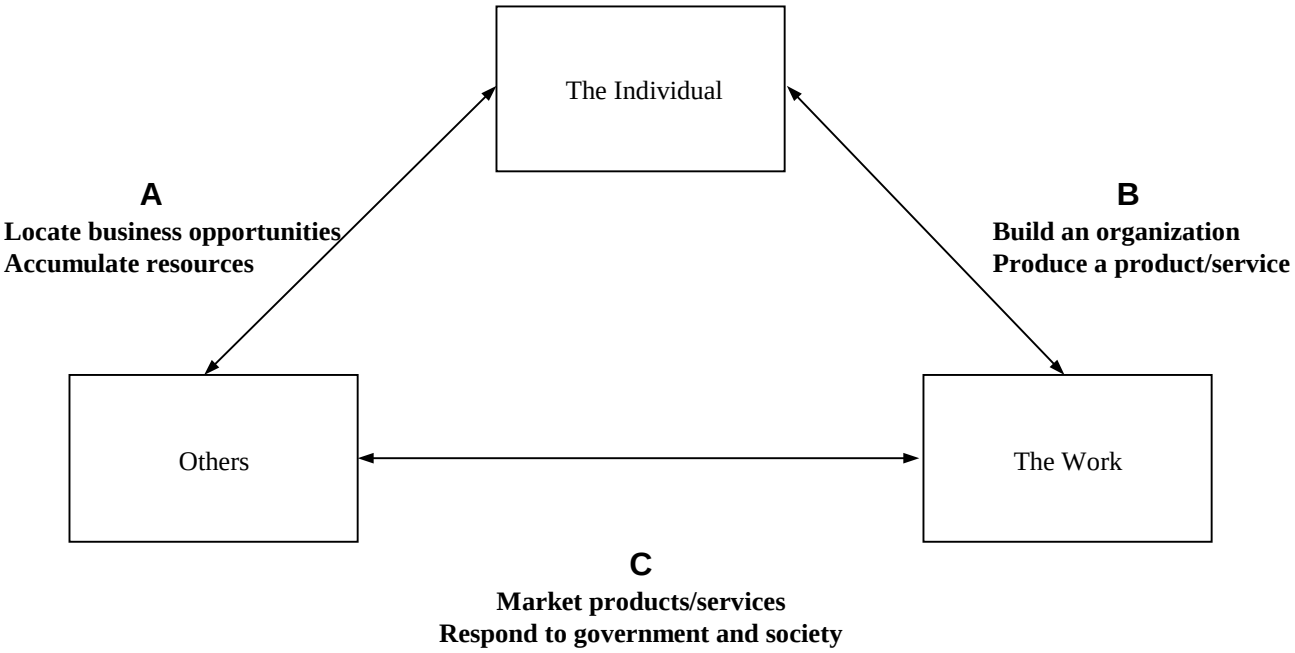
FIGURE 1

Entrepreneurial Processes as Creative Behavior

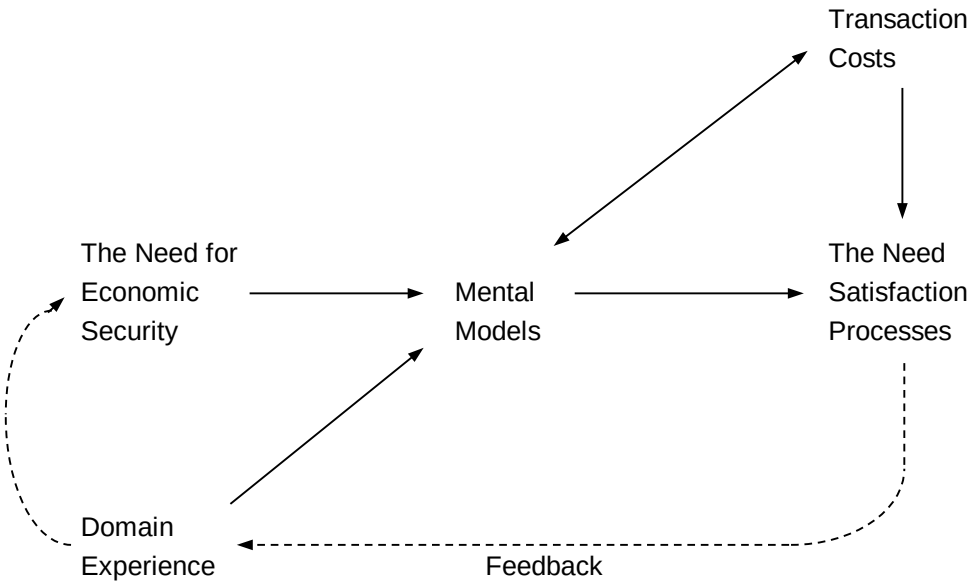


Adapted from Gardner, 1993: 9

FIGURE 2

A Steady State Model of

Security Seeking in an Imperfect Economy



1. Initial Conditions

Economic Security:
- Provisions in store
- Uncertain future

Domain Experience:
- Enactive mastery
- Vicarious experience
- Verbal persuasion
- Anxiety due to changes in environment

2. Pattern Recognitions

Individuals' Mental Models re:
- Self
- Work
- Others

3. Results Processes

Estimation of Orchestration Capacity (Self-efficacy) based on:
- Task requirements
- Experience attributions
- Personal analysis

Social Commitments:
- job v.
- self employment

Ability to Produce Productive Exchange Behaviors:
- success v.
- failure