**ENTERPRISE RITUAL: A THEORY OF ENTREPRENEURIAL EMOTION
AND EXCHANGE.**

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Abstract

Unlike most other areas of social science, emotion has been a neglected concept within entrepreneurship research. Where it has appeared, it has usually been a marginal or subsidiary concern, subordinated to the more rational aspects of information processing and decision-making. This paper draws upon ideas from social exchange, interaction ritual and discourse theory to propose a model that integrates the processes of social interaction, emotion and cognition. The model supports a set of conjectural propositions about the role of emotions in shaping entrepreneurial behaviour and suggests a number of new opportunities for research in this area.

Introduction

Accounting for the emotional dimensions of work, employment and organization is now a major research area (e.g., Ashforth and Humphrey, 1995; Weiss and Cropanzano, 1996; Fisher and Ashkanasy, 2000; Fox, 2002; Weiss, 2001; Daniels *et al*, 2004; Forgas and George, 2001; Jordan *et al*, 2002; Ashkanasy *et al*, 2002; Ashkanasy and Daus, 2002; Fineman, 2003; 2004). Comparatively few studies of entrepreneurship, however, have referenced emotion as a component of enterprising behaviour, and even fewer have made it a central concern (for exceptions, see Kets de Vries, 1977; 1985; Goss, 2005a; 2005b). Where emotion has been acknowledged, it has generally merited a passing reference or incidental comment rather than detailed investigation (e.g., Baron, 1998; Shane *et al*, 2003; Markman and Baron, 2003)¹.

This lacunae is worrying for two reasons. First, it suggests that entrepreneurship research is failing fully to capitalise on developments that are widely recognised to have benefited explanation and understanding in related areas of social science (Ashkanasy *et al*, 2002; Fineman, 2003; Gabriel and Griffiths, 2002; Lupton, 1998). Second, there is a large and plausible body of material that suggests a *prima facie* case

for regarding entrepreneurialism as a deeply emotional activity (in particular, biographical and autobiographical studies, e.g., Bower, 1983; 1993; Roddick, 2000; Branson, 2000; see also Kets de Vries, 1996; Down, 2006).

This paper attempts to redress this imbalance by drawing together insights from contemporary theories of social exchange, interaction ritual, and symbolic communication to propose a framework for understanding entrepreneurship's emotional dynamics (Lawler, 2001; Lawler and Yoon, 1998; Collins, 1990; 2004; Moldoveanu and Nohria, 2002; Downing, 2005; Dodd, 2002; Nicholson and Anderson, 2005). We begin by outlining some recent developments in approaches to emotion and work-related behaviour, integrating aspects of several related theories to build a model that encompasses social interaction, emotion and cognition. This model is then used to explore a number of propositions and conjectures about the role of emotional dynamics within entrepreneurial behaviour, and to suggest how a more emotionally informed understanding could extend knowledge of this activity.

Emotion and Organization.

Most accounts of emotion and organization have tended to fall under one of two broad headings: cognitive processing or social constructionism (Lupton, 1998). Within the former, the notion of 'appraisal', that is, the assertion that 'emotion is a response to meaning', is a core component of most theories (Lazarus, 1999, p. 8; Parkinson, 1997). Emotional experiences occur as a result of an individual's appraisal or evaluation of the likely impact of an event for their goals, wellbeing and coping abilities. For example, experience of a particular type of event is likely to prompt the question: 'Does this situation affect me personally and, if so, in a positive or negative

way?’ followed by ‘What, if anything, can be done about the situation?’ (Parkinson, 1997, p.63). The answers to these questions, informed, more or less consciously, by latent mental models stored in long term memory, are thought to determine both the nature and intensity of the emotional reaction (Lazarus and Folkman, 1984; Lazarus, 1991; Lupton, 1998). Thus, although events may be experienced immediately, it is the subsequent appraisal that determines whether this experience will be emotional or non-emotional. However, as the appraisal process frequently appears to operate almost automatically, drawing upon learned ‘core relational themes’ (Smith and Lazarus, 1993), emotion is usually experienced *as if* it were a spontaneous reaction to an event.

Although cognitive appraisal theories have tended to focus on the internal aspects of information processing and decision-making (e.g., Daniels *et al*, 2004), they share with social constructionist approaches the view that emotions are, primarily, psycho-social ‘productions’. However, in contrast to appraisal accounts, social constructionist analyses of emotion tend to focus on social contexts (from small groups to whole cultures) and the ways in which these enable emotional performances: ‘Emotions are constituted in the act of description through language and enacted in the presence of audiences. Audience is paramount. Social and cultural contexts provide the rules, scripts and vocabularies of emotional display for different audiences: self, loved one, boss, subordinate etc.’ (Gabriel and Griffiths, 2002, p.216). Here, socially constructed meaning, if not everything, is a very large part of what emotional experience is about. As Harré (1991, p. 143) puts it, ‘to be angry [for instance] is to have taken on the angry role on a particular occasion as the expression of a moral position. This role

may involve the feeling of appropriate feelings as well as indulging in suitable public conduct.’²

In their ‘strong’ forms, both the cognitive and constructionist positions have been challenged for their tendencies to ‘over rationalise’ and ‘over socialise’ emotion – treating it as the product of individual calculation and social pressure, respectively. In particular, they have been accused of a reluctance fully to recognise emotion’s embodied, often involuntary nature, and its frequently ambiguous and non-specific origins (Lupton, 1998; Sabini and Silver, 1998). However, ‘weaker’ forms of both perspectives have been more open to the possibility that emotions may have ‘a life of their own, which might be in contradiction to, or expressed fully or partially through our cognition to different degrees in different times’ (Craib, 1998, p.110).³

From within the cognitive position, for instance, Weiner (1986) deployed the notion of ‘global emotions’ to refer to ‘primitive’ emotional effects that are involuntary and experienced without recourse to cognition or intervening thought processes (the nature of global emotions and their link to notions such as mood will be discussed further below). Such global emotions are claimed to be ‘outcome dependent’ in that they arise as a result of success or failure in a particular interaction and produce general feelings of happiness or sadness, being ‘up’ or ‘down’. However, these global emotions also give rise to ‘attribution-linked’ emotions that are produced as a consequence of cognitive attempts to interpret and make sense of the source of global emotions. On the basis of an appraisal of their positive or negative consequences, a process of ‘causal attribution’ focuses a specific emotion on a particular social object identified as the cause of the global emotion (Hewstone, 1989, p.67).

This approach has some affinity with the version of ‘affect event theory’ presented by Ashkanasy and Daus (2002), according to which, work events produce positive or negative emotions that, in turn, directly shape work attitudes and judgement-driven behaviours (see also Ashkanasy *et al*, 2002; Weiss and Cropanzano, 1996, on the development of affective events theory). There are also similarities with aspects of Forgas and George’s (2001) ‘affect infusion model’ which considers the impact of affective states on information processing and judgements, including attributions. However, the most concerted attempt to develop these ideas within a work-related setting is Lawler’s (2001) ‘affect theory of social exchange’. This links specific processes of social exchange, global emotions and cognitive attributions to group/organizational solidarity and focus. Although developed within the context of work team behaviour, Lawler’s focus on exchange as a fundamental interactional process marks out this theory’s relevance to entrepreneurship – exchange dynamics being central to enterprising activity; it will form the basis for our argument in the following section.

From within the social constructionist perspective, writers such as Scheff (1990; 1997) and Collins (1990; 2004) have similarly conceived emotions as interactionally generated corporeal experiences that are subsequently rendered sensible within the context of socially constructed meaning. In Scheff’s (1990) case, the social experience of deference generates the emotions of pride or shame within the individual, attributions of which are made either to the self (acknowledging shame) or to the other (e.g., bypassing shame and translating it into anger against the other). These effects strengthen or weaken social bonds and produce alienation or integration.

Similarly, Collins (2004) suggests that ‘emotional energy’ is generated within interaction rituals, the effect of which, when combined with symbolic and discursive resources, is to motivate the individual and produce group solidarity. As has been suggested elsewhere (Goss, 2005a; 2005b), these types of emotion theory can provide insights into the intersubjective basis of entrepreneurial behaviour. The present paper seeks to show that these can be significantly extended by incorporating aspects of Lawler’s (2001) theory to capture more explicitly the exchange dynamics of entrepreneurship and to strengthen the link between emotion and cognition. The following section briefly outlines relevant aspects of Lawler’s theory and suggests how they can be developed to encompass entrepreneurial behaviours.

Social exchange, interaction ritual and emotion.

Lawler’s basic model starts with processes of social exchange, defined as ‘a joint activity of two or more actors in which each actor has something the other values’ (2001, p.22). Such encounters generate ‘global emotions’ that act as psychological rewards and punishments, and will be discussed more fully below. This effect will usually be sufficiently pronounced to stimulate processes of appraisal and attribution. As individuals seek to comprehend the origins of these pleasant or unpleasant affects, they make positive or negative attributions towards the social units within which the exchange interactions were located. These attributions, in turn, influence levels of group solidarity and the conduct of future exchanges; Lawler provides extensive evidence to validate these assumptions, including studies specifically designed to test key components of the theory (Lawler and Yoon, 1998; Lawler *et al*, 2000).

Of the four types of exchange identified by Lawler, two – productive and negotiated exchange – are particularly relevant to the current argument. As will be discussed further below, ‘productive exchange’ emphasises joint cooperation, whereas ‘negotiated exchange’ focuses on the formal specification of terms of trade. Of the four types of exchange, these are considered the most potent in their tendency to generate emotional effects, producing, simultaneously, self-efficacy and collective efficacy-strengthening attributions (Lawler, 2001, p. 341).

However, Lawler’s exchange focus needs some development to enable it to comprehend the full scope of entrepreneurial behaviour. First, even though exchange is axiomatic for many entrepreneurial encounters, these are also likely to involve interactions that are motivated, initially at least, by other interests, or where an explicit concern for immediate exchange benefits would be regarded as inappropriate (such as, say, moral, ethical or ‘enthusiast’ projects, attempts to build trust and long-term commitment; Granovetter, 2000; Dibben, 2000; Chell and Tracey, 2005). Exchange concepts could be ‘stretched’ to encompass most of these eventualities, but at a cost, not least in terms of comprehending how exchange contexts, and their accompanying emotions, are socially constructed in response to differing situational demands (a display of disinterest on first encounter, for instance, may be the best way of securing a favourable exchange on a later occasion).

Second, and following from this, ‘embeddedness’ studies have shown that, to operate effectively, exchange relations need be located within networks of trust and shared symbolic knowledge (Granovetter, 1985; DiMaggio and Louch, 1998; Jack and Anderson, 2002). Locating his work within formal organizational structures, Lawler is

able to make this his 'network context' and to assume that, within this, exchange interactions will be repeated over time between the same actors (2001, p. 326). But for entrepreneurial action, exchange relations frequently need to be established afresh with different actors or under changing conditions, thereby making access to network membership and resources an important and potentially problematic factor in (re)producing exchange interactions.

To deal with these issues we draw upon the notion of 'interaction ritual'. This provides a more encompassing framework, embracing, but also extending, relations of social exchange by emphasising processes of constitution and reproduction (Goffman, 1967). Lawler cites Collins's (1981) theory of 'interaction ritual chains' as an important influence on the affect theory of social exchange and it is, therefore, useful to consider how recent developments of the former (Collins, 2004) can be used more explicitly to extend the latter. In particular, we will argue that two key concepts – membership and symbolism – when coupled to exchange practices, provide a valuable grounding for an emotional-cognitive understanding of entrepreneurial action.

In the tradition of Durkheim (1965) and Goffman (1967), Collins (2004) defines interaction rituals in term of five interrelated components. (1) *Situational copresence*: human bodies need to be assembled in the same place, as physical demeanour conveys significant information about individual states and interpersonal relations (Argyle, 1991; Katz, 1999). In particular, physical synchronisation and entrainment are known to play important parts in heightening collective emotional experiences (Letiche and Hagemeijer, 2004; Boden and Molotch, 1994). (2) *Interactional focus*: participants need to create a mutual focus of attention that holds their interactions

together. This will usually involve some form of conversation, but also common tasks or activities. The developing intensity of this focus produces varying degrees of obligation to maintain it (e.g., keeping a conversation going; Hatfield *et al*, 1994). (3) *Social solidarity*: the greater the sense of intensity and obligation, especially if repeated over time, the greater the sense of solidarity. This serves as the basis for membership status, the erection of formal or informal barriers to outsiders, and the development of ritual rules (Crow, 2002). (4) *Symbolism*: solidarity encourages members to construct symbols representing the group and its activities, either in the form of sacred objects (emblems, totems) or specialised discourses (Heracleous and Marshak, 2004; Lawrence, 2004). (5) *Emotional energy*: when successfully enacted, rituals create a sense of ‘collective effervescence’ that translates into individual emotional energy (see further below).

For Collins (2004), such interaction rituals are the constituents of individual biographies and identities, forming ‘chains’ or networks of social attraction and repulsion – the basis for membership affiliations – mediated by the emotional energy generated within them:

The relative degree of emotional intensity that each IR [interaction ritual] reaches is implicitly compared with other IRs within those persons’ social horizons, drawing individuals to social situations where they feel more emotionally involved, and away from other interactions that have a lower emotional magnetism or an emotional repulsion’ (Collins, 2004, p. xiv; see also Summers-Effler, 2002).

Thus, the more central and secure an individual's membership status within an interaction ritual, the more emotional energy they are likely to receive, with implications for their ability and commitment to repeat (or extend) this type of interaction in future. We will argue below that the emotional intensity of social exchange patterns, treated as forms of interaction ritual involving in-group and out-group memberships, can provide additional insights into the dynamics of entrepreneurial networks (Burt, 2000; Hoang and Antoncic, 2003).

Within interaction ritual chain theory, symbolic resources provide a crucial articulating mechanism, operating both within rituals and between them – carrying emotions from one situation to another. They can usually take any (or all) of three forms: sacred objects; stories and narratives; and meta-discourse. In Durkheimian terms, sacred objects are representations of group solidarity. By focusing attention on this entity (whether an abstraction such as a name or slogan, or a physical object) within the ritual, members affirm the group's transcendence and their own membership status (Durkheim, 1965).

Stories and narratives can fulfil a similar function within rituals, but they also offer opportunities for particularisation by incorporating identifiable actors into the story (e.g., insiders as heroes, outsiders as villains), thereby offering instruction in appropriate behaviour and membership propriety (Gabriel, 2000; Down, 2006). Additionally, the stereotyped storylines of most 'dramatic' narratives provide a resource for planning courses of action, informed by appropriate archetypal characters and plots (Downing, 2005; McFarland, 2004).

Finally, meta-discourses can be conceived as sets of shared meanings that operate at a cultural or societal level, as represented, for instance, in forms of mass media or other widespread cultural productions – what Goffman (1974) terms ‘primary frameworks’. These symbolic and discursive resources provide materials that actors can draw upon to construct and connect different types of ritual, to shape individual identities within them, and to store and express emotion. We will argue that the discourses and symbols of enterprise (Nicholson and Anderson, 2005; Burrows, 1991) play an important part in entrepreneurial action, specifically in forging associations with partners and collaborators, and/or as part of emotionally infused performances targeted at securing profitable terms of exchange (this will be considered further in the discussion of Proposition(s) 3, below).

The final component requiring discussion is the nature of the emotional effects that are being proposed. As already indicated, Lawler’s (2001) conception of emotion is an extension of Weiner’s (1986) attribution theory: global emotions are outcome-dependent, ‘first-level, involuntary responses, felt and perceived by the actors but sufficiently ambiguous to motivate an attribution process’ (Lawler, 2001, p.328). These equate to being ‘up’ or ‘down’. They are ‘motivating states in exchange relationships because, once they are part of conscious awareness, actors strive to reproduce positive feelings and avoid negative feelings’ (Lawler and Thye, 1999, p. 235).

This is similar to Collins’s (2004) notion of ‘emotional energy’ (EE) which also refers to a long-term ‘emotional tone’ ranging from an ‘up’ tone of excitement and happiness to a ‘down’ tone of depression and sadness. The existence of such relatively enduring feelings of pleasantness/unpleasantness is well supported in the literature,

sometimes labelled mood (e.g., Forgas, 1992; Lazarus, 1991; Forgas and George, 2001; Kelly and Barsade, 2001; Watson and Tellegen, 1985). At this level, claims Collins, 'EE gives energy, not just for physical activity . . . but above all for taking the initiative in social interaction, putting enthusiasm into it, taking the lead in setting the level of emotional entrainment.' (2004, p. 107). This assertion is similar to Lawler's contention that global emotions from social exchanges that involve high interdependence of actors and non-seperability of tasks (as is the case with productive and negotiated exchange), enhance both self-efficacy and collective efficacy (2001, p.341).

Like Lawler, Collins also points to a cognitive dimension of emotional energy, a dimension that operates through memory's ability to attach an emotional charge to ritually generated symbols, the valency of which stimulates a rational evaluation of available interaction opportunities in terms of their EE potential (see Collins, 2004, p. 133ff). This cognitive dimension of EE appears close to the notion of 'sentiment': a valenced appraisal of a social object, shaped by previous experience or learning and involving an evaluation of whether something is liked or disliked (Kelly and Barsade, 2001). Lawler regards such sentiments as the basis for making attributional links between global emotions and social units, such as relationships or groups (2001, p. 326; Hewstone, 1989).

Thus, experience in a successful interaction ritual generates positive global emotions that are appraised and subsequently attributed to the ritual group. This forms the basis for a sentimental attachment to this type of interaction and, if repeated with similar results, to an enthusiasm (anticipating further valued emotional rewards) and growing

confidence to initiate or repeat it (Lawler, 2001, p. 327; Bandura, 1997). In the following discussion we will adopt Collins's concise label of 'emotional energy' to refer to this blend of global emotion and cognitive appraisal/attribution.

These elements of interaction ritual – membership, exchange and discourse/symbolism – and their relationship to emotional energy and action are summarised in Figure 1.

Insert Fig. 1. about here

Figure 1 makes interaction ritual its analytical starting point, specifying 'membership' and 'exchange' as its principal constituent or sub-rituals, linked by symbolic/discursive resources. These sub-rituals may be components of a single interaction ritual within which they operate more or less simultaneously, or they may be experienced in varying degrees of intensity across a number of physically and temporally separate ritual situations (this will be explored more fully in the following section). Both sub-rituals, if successful, generate emotional energy within participants, the consequent appraisal and attribution of which produces a sense of group solidarity around the activity in question and a behavioural propensity to repeat or initiate similar types of interaction. The symbolic/discursive resources, by transferring emotional energy, allow members to reinforce existing rituals, to construct new forms of ritual interaction, and to define the terms of membership and exchange. Thus, Figure 1 represents schematically one component in a chain of possible interaction rituals through which individual identity and motivation is socially shaped and directed.

Entrepreneurship: Interaction, Emotion and Cognition.

We now use this model to generate a series of propositions relating to the role of interaction, emotion and cognition in entrepreneurial behaviour. Entrepreneurship has been variously described as a process by which individuals discover, create and exploit opportunities without regard to alienable resources they currently control (Hart *et al*, 1995; Stevenson and Jarillo, 1990; Venkataraman, 1997). One sub-set of this activity is ‘business entrepreneurship’, i.e., the founding of a new business (the basis for most operational definitions; Shane, 2003; Thornton, 1999; for a discussion of other forms of entrepreneurship see Chell *et al*, 2005). There is broad agreement that certain behaviours are implicated in the process of entrepreneurial business formation. An exhaustive list of these factors would contain considerable overlap between constructs and ambiguity of definition. For present purposes, it will be sufficient to identify four broad categories of action that together encompass the generally agreed upon core dimensions of this activity (Shane, 2003, provides a comprehensive review and valuable source of studies of entrepreneurial characteristics).⁴

(a) *Being active rather than passive, particularly in relation to opportunity exploitation:* taking the initiative, even at high risk, rather than settling for routine; workaholic tendencies; seeking control over others/situations rather than being controlled; aversion to passive, unquestioning conformity; see also ‘need for achievement’; ‘type A’ personalities (Collins, 2004; Harper, 1996; Miner, 2000; Stewart *et al*, 1999; Cromie and O’Donaghue, 1992; Shane, 2003).

(b) *Being sufficiently confident to ‘stand out’ by taking an unconventional or risky course of action:* asserting one’s own ideas, rather than accepting those

of others, even in the face of social sanctions such as ridicule, rejection, etc.; the ability to accept being 'different' without a strong need to conform to wider expectations; self-reliance and limited need for 'confirmation' from others ; see also self-efficacy; 'need for independence' (Schumpeter, 1934; Reynolds and White, 1997; Kaufmann, 1999; Wu, 1989; Ripsas, 1998; Baron, 2000).

(c) *Being persistent in such action, even in the face of opposition or scepticism*: continuing on a course of action despite initial failure or rejection; unwillingness to accept that a desired objective cannot be secured; insusceptibility to others' initial unwillingness or refusal to cooperate; see also perseverance; adversity quotient (Markman *et al*, 2005; Stoltz, 1997; Baron, 1998; Rotter, 1966; Ward, 1993; Bonnett and Furnham, 1991; Lee and Tsang, 2001).

(d) *Being able to secure others' support for a new or uncertain enterprise*: securing support and backing for a venture; ability to convince others of trustworthiness (which does not necessarily imply that trust is always reciprocated; Wooten *et al*, 1999); ability to initiate and maintain relationships; see also persuasiveness; leadership; teamworking (Baron and Markman, 2003; Singh *et al*, 1986; Dibben, 2000; Vecchio, 2003; Chell, 2001; Chell and Tracey, 2005).

The following propositions suggest how interaction, emotion and cognition can be seen to bear upon these behaviours. In each case, emphasis is placed on local

interaction rituals. This is because both Lawler (2001) and Collins (1990; 2004) contend that ‘cohesion and solidarity is stronger in smaller face-to-face social units that constitute the immediate focus of attention’, such that affective attachment is stronger towards such a group than towards wider social networks (Lawler, 2001, p. 346). Lawler goes further to suggest that when such local groups focus on a joint task and develop a shared definition of their situation (which, as Collins suggests, is likely to take on symbolic significance; 2004, p. 95), members will attribute positive emotions to the local group and negative emotions to the larger, more distant social network (Lawler, 1992; 1997; see Hewstone, 1989, p.197f for evidence relating to this type of attribution). Thus, framed in terms of individual emotional energy, it is to be expected that individuals who have participated centrally and successfully in such local groups will be attracted towards what they perceive to be comparable types of interaction/EE opportunities and away from those perceived as EE-draining. Individuals who experience only marginal participation in such intense ritual groups seem likely to be less focused and more inclined to ‘drift’ in their membership affiliations (see Scheff, 1997; Simmel, 1950; Elias, 1994).

To give form to the membership and exchange rituals of Propositions 1 and 2 (below), we use the first three ritual conditions outlined above: physical copresence; collective focus of attention; and social solidarity. In each case we make assumptions regarding the conditions necessary for an intense form of such ritual. Symbolism is considered separately in Proposition(s) 3, and ‘emotional energy’ is regarded as an individual output of ritual enactment, rather than a component of ritual structure.

Proposition 1: *the more central and enduring an individual's position in local interaction rituals that explicitly define membership status in terms of 'activity', the greater will be their attraction to an entrepreneurial role.*

As suggested above, 'activity' appears to be a necessary, if not sufficient, condition of entrepreneurial behaviour. Interaction rituals that prioritise action over passivity are, thus, likely to produce many of the behaviours that underpin entrepreneurialism. We assume that a membership ritual emphasising 'activity' will display the following formal characteristics: i) a form of co-presence that defines all group roles in terms of participation (i.e., no spectator/observer roles); ii) a collective concern with initiative and 'getting things done'; iii) a solidary identity that defines insiders as 'order-givers' and outsiders as 'order-takers' (see Collins, 2004, p.112ff on this distinction). The content of such a ritual could take many forms, but examples might include: a family business where all family members are involved in key tasks, are encouraged to assume responsibility for aspects of the operation, and are given authority over non-family employees; a military officer-training corps; a competitive sports team.

In terms of emotional dynamics, as well as the production of generalised emotional energy, such a ritual has the potential evoke more specific emotions with a bearing on membership status. When a given behaviour, such as 'actively taking the initiative', is rewarded by local expressions of deference, the resulting subjective experience of pride is known to act as a positive reinforcement. By the same token, displays of 'undesirable' behaviour (say, passivity), when met with a withdrawal of deference, induce shame, creating a strong emotional backpressure towards conformity with the group norm (Scheff, 1990; 1997; Tangney and Dearing, 2002; Jacoby, 1996). This

type of emotional reward/punishment system has also been linked to the production of self-confidence and self-esteem (Gilbert, 1998; Jacoby, 1996) and seems likely to influence persistence in particular behaviours. For central participants, therefore, 'being active' is likely to become a defining feature of group membership and personal identity and, hence, a key goal of motivated behaviour (Goss, 2005a; 2005b).

Regardless of the content of the ritual, we conjecture that those who define a core part of their identity in terms of activity will foster an attraction to entrepreneurship on the basis of its promise as an 'action role' or 'contact sport' (Gartner, 1988), this knowledge being acquired either at first hand or through popular enterprise discourse (see below). We also suggest that the attraction of an entrepreneurial role is likely to be enhanced if alternative career options are perceived as symbolically and interactionally incompatible with activity rituals (i.e., part of the more distant and less positively evaluated wider network) and, hence, identified as an emotional energy drain. In the stereotypical narratives of enterprise culture, the antithesis of the active entrepreneur is the passive employee. A strong activity motivation, therefore, can be expected to encourage the attribution of positive sentiment to the former and negative sentiment to the latter, pushing the individual away from routine employment and pulling her towards business formation (Ketts de Vries, 1996; Sennett, 1998; Goss, 2005b). It should be noted that 'attraction' does not automatically imply that the role will be embraced, see Discussion section below.

Proposition 2: *the more central and enduring an individual's position in local interaction rituals that focus attention on productive exchange within the group and negotiated exchange with those outside it, the greater will be their attraction to an entrepreneurial role.*

As outlined above, Lawler demonstrates that different exchange structures generate different levels of emotional energy and attributional tendencies. In particular, successful 'productive' and 'negotiated' exchanges show the highest levels of positive emotion and lead to favourable attributions towards the relevant social unit. As both forms of exchange are integral components of entrepreneurial behaviour, an individual's ability to manage them, and to gain emotional (as well as material) reward from their exercise, will influence their competence, and comfort, within the role. Productive exchange, it will be recalled, is inherently cooperative and involves tasks that produce an event or good that occurs only if members perform certain behaviours (Lawler, 2001, p. 336). Our assumed conditions for a productive exchange ritual are as follows: i) a form of co-presence involving participation in a team-based activity, all members having clear and interdependent roles; ii) a collective awareness of each member's contribution to the success of the group activity; iii) a solidary relationship that recognises and values each member's specific contribution.

This form of cooperative exchange is well documented in many entrepreneurial ventures. For example, Cooper and Daily (1997) and Teach et al (1986) each show that a large proportion of new ventures are started by teams of entrepreneurs rather than single individuals; similarly, Cable and Shane (1997) report that a positive cooperative relationship between an entrepreneur and venture capitalist increases the

likelihood of success. Cooperative exchange is also the basis for so-called ‘rotating credit associations’ that, in many countries, provide finance for small-scale enterprises in the absence of commercial banks (Granovetter, 2000, p. 250). Baron and Markman (2003) also show that the ability to engage in such cooperative exchange can be treated as a dimension of ‘social competence’ and, hence, something that is learned through experience (see also Chell and Tracey, 2005).

Proposition 2 infers that when such learning takes place as part of a strong local interaction ritual, its subsequent performance will be reinforced by the associated emotional charge and positive attributions towards the participating group. An emotional propensity for productive exchange may also have a bearing on an entrepreneur’s ‘persuasiveness’ as the opportunity to cooperate seems inherently attractive to many (Kelly and Barnsade, 2001), acting as an inducement to secure others’ collaboration (see behavioural category [d] above). As with Proposition 1, we conjecture that individuals strongly motivated in this way will perceive an entrepreneurial role as attractive because of inferences that can be drawn about its scope for providing this type of exchange opportunity: business owners are likely to have considerably more freedom to establish strong cooperative exchange relationships than normal employees.

Indeed, the opportunity to seek out situations where such cooperation can be secured may be one basis for the subjective desire for autonomy and independence (associated with category [b] entrepreneurial behaviours above) as a result of the emotional pleasure that comes from being able to initiate emotionally rewarding relationships, and reject unrewarding ones, rather than having to operate within those prescribed by,

say, an employer (Goss, 2005b). This suggests the interesting prospect that subjective experiences of autonomy and independence are actually enabled by particular types of social relationship rather, than is often assumed, by the absence of such relationships. Parenthetically, Lawler (2001) notes that when productive exchange fails, it produces a strong negative emotional effect, which may go some way to explaining the frequently short, turbulent and acrimonious histories of many entrepreneurial partnerships (Brinklin, 2001; Cringely, 1996).

Negotiated exchange, the second most emotionally potent form, involves ‘an explicitly contractual agreement in which actors agree to terms of trade and these agreements are binding’ (Lawler, 2001, p. 337). Here we suggest the following formal characteristics: i) a form of co-presence that defines members as the possessors or controllers of a resource that has a tradable value (note that such resources are not necessarily alienable, such as capital, but can also factors such as include skills, competences or reputation; Hart *et al*, 1995); ii) a collective focus on the negotiation of exchanges and the opportunities for exchange gain; iii) solidary relationships defined in terms of adherence to negotiated terms of trade.

Most forms of trading activity could be regarded as involving this type of ritual, although its most intense emotional effect is likely to be felt only where condition (ii) is strongly upheld, that is, where all members have an interest in *negotiating* favourable terms for themselves, rather than accepting the exchange offer as given. Whereas collaborative productive exchange is likely to be part of the process of defining in-group membership within an interaction ritual, the instrumental and calculative focus of negotiated exchange means it is more likely to be targeted at out-

group members (Granovetter, 2000). Not only does this form of exchange offer a means of securing a profit from the other party, without the risk of adverse reactions damaging in-group solidarity, but the formal specification of terms of trade also helps to reinforce the distinction between insiders and outsiders. As with productive exchange, experience of extracting emotional rewards from this form of ritual can be expected to influence the enthusiasm with which it is practiced and the attributions made, e.g., attributing success to the superior powers and abilities of in-group members (a further boost to self-confidence; see behavioural category [b] above).

Many would consider the strong form of negotiated exchange as the core of entrepreneurial profit. Our model suggests that, for those who have competence in negotiated exchange, business formation will offer one of the easiest and most attractive opportunities for its exercise. Additionally, where this effect is strong, a wide range of social transactions may be perceived and defined as objects for negotiated exchange, contributing to propensities to spot opportunities that are missed or ignored by others and to persist in negotiations in order to minimise the unpleasant emotional consequences of being on the losing side of a deal (Shane, 2003; Kets de Vries, 1996; see behavioural categories [a] and [c] above).

Proposition 3a: *the more central and enduring an individual's position in local interaction rituals that deploy symbols and discourses of enterprise, the greater will be their attraction to an entrepreneurial role.*

Proposition3b: *the more positive emotional energy an individual attaches to symbols and discourses of enterprise the greater their ability to persuade others to support or share an entrepreneurial venture.*

In terms of the three types of symbol/discourse identified earlier, entrepreneurial symbolism could include the following. (a) ‘Sacred objects’: businesses or individual entrepreneurs whose spectacular success has given them an iconic status within business and/or popular culture. (b) ‘Stories and narratives’: specific accounts of enterprising actors’ exploits with dramatic emphasis on triumph against adversity, struggle against apparently insurmountable odds, and/or the victory of rugged individualism over institutional myopia (Thrift, 2001; Ross, 2003). (c) ‘Meta-discourse’: generalised representations of entrepreneurship. Research in this area has focused on the entrepreneurial metaphors used in the mass media or specialised business press and their links to changing patterns of social organization (Nicholson and Anderson, 2005; Dodd, 2002). The dominant (but not exclusive) representation of the ‘generalised entrepreneur’ is as an independent and heroic individual, ‘a symbol of self-determination . . . of causal powers at the behest of uncaused causes that begin and end in ourselves’ (Moldoveanu and Nohria, 2002, p. 83; Ogbor, 2000).

Symbols and discourses, when associated with effective interaction rituals, act as cognitive ‘stores’ for emotional energy. When emotionally charged entrepreneurial symbols/discourses are strongly internalised, we would expect them to inform attributions about the efficacy of actions and relationships – generating positively valenced sentiments towards action-exchange, and negative ones towards passivity-dependence (e.g., Briklin, 2001). In relation to Proposition 3a, we suggest that this will intensify and focus membership-activity rituals and exchange rituals, thereby strengthening the entrepreneurial motivation alluded to in Propositions 1 and 2.

Additionally, this symbolic/discursive resource provides a ‘bridge’ between the two rituals, allowing each to reinforce and energise the other.

The basis of Proposition 3b relates specifically to the ability of emotionally charged discourses to act as ‘membership symbols’, facilitating and shaping interactions: ‘When several individuals value the same collective symbol, it is easy for them to evoke it in an interaction and achieve a high degree of focus around it. It provides a content to talk about or a focus for action’ (Collins, 2004, p. 151). By the same token, where membership symbols fail to match up, interactions can often be tortuous and short-lived. This insight supports Baron and Markman’s (2003, p. 43) distinction between ‘social capital’ (‘the sum of actual and potential resources individuals obtain from their relationships with others’) and ‘social competence’ (‘overall effectiveness in interacting with others’), both of which have been empirically linked to entrepreneurial success. We conjecture that if membership symbols can be regarded as equivalent to social capital, effective social competence will be achieved only when these symbols are charged with EE. An individual who has attached high levels of EE to membership symbols as a result of previous interactions may be able to use this (not necessarily consciously) to gain influence in situations where such symbols are valued but less highly charged, attracting followers and supporters by dint of her knowledge and, more importantly, enthusiasm and focus (Goss, 2005b). This is not to say that such emotional-symbolic displays cannot be ‘managed’ or fabricated in a manipulative attempt to gain an exchange advantage; indeed, this may be at the heart of entrepreneurship’s ‘emotional labour’ (Hochschild, 1983; Hobbs, 1998; Smith, 2004). Similarly, symbols deployed without enthusiasm or authenticity risk undercutting an individual’s reputation and credibility.

The basis of this proposition, then, is that those who acquire ‘entrepreneurial membership symbols’ that are highly charged with EE, will be at an ‘interaction advantage’ when it comes to engaging with others who are in a position to help their enterprise (and who can be expected either to share, value, or aspire to the membership that such symbols represent). Emotionally charged symbols should enhance the ability convincingly to ‘talk business’ (Rigg, 2005; Boden, 1994) and provide the intersubjective basis for the self-confident and persuasive construction of alliances, partnerships and commitments (Dodd, 2002; Pitt, 1998).

Discussion

The propositions outlined above suggest how interaction rituals, emotion and cognition can be implicated in the generation of entrepreneurial behaviour. One issue raised but left unresolved is the variability in the social situations capable of providing the interaction-emotion-cognition mix expected to generate such behaviour. This variability can potentially influence both the success with which a ritual is performed (and, hence, the intensity of its emotional outputs), and the coherence and focus of its constituent sub-rituals.

Whilst the precise nature of ritual content is likely to remain an empirical matter, ranging from family gatherings to institutional groups such as schools, sports clubs, religious and work organizations (to mention but a few possibilities), the formal dimensions of ritual intensity and ritual coherence can be used to hypothesise a range of entrepreneurial ‘motivations’ (Turner, 1987). The former reflects the success of the ritual, in particular, the generation of EE for participants; the latter the extent to which

the constituent elements of the ritual (membership, exchange and discourse) are mutually reinforcing, reflecting levels of recurrence and temporal synchronicity – see Figure 2. These dimensions are assumed to be largely content-independent. In the discussion below we will use the term ‘enterprise ritual’ as a generic label for any combination of membership rituals, exchange rituals and enterprise symbols/discourse.

Our propositions (above) suggest that the strongest entrepreneurial effect is to be expected where an individual is, or has been, a central participant in recurrent and effective rituals that define membership in terms of activity, internal productive exchange, external negotiated exchange, and enterprise discourse. This would be the ‘Career’ or serial entrepreneur motivation in Figure 2. Such individuals are likely to be committed to a business owning career from an early age and to focus their energies in this direction (cf. Wright *et al*, 1997).

Insert Figure 2 about here

However, the more dispersed in time and social space are these types of motivating experiences, the weaker we would expect their entrepreneurial impact to be. Thus, moderate levels of exposure on each dimension should produce an entrepreneurial motivation that is ‘Opportunistic’ and is, without the strong bipolar sentiments (positive towards entrepreneurship, negative towards employment) created by coherent and intense enterprise ritual (see Proposition 1 above). Here the choice of business formation will be contingent upon available economic opportunities.

At the higher end of this mid-position, an individual might gain an emotional commitment to entrepreneurship from participating in enterprise-rituals within, say, an employing organization, eventually using this as a springboard to launch her own business (Audia and Rider, 2005). Here we would expect an openness to business opportunities but a commitment to acting on these only if conditions are perceived as comparatively 'safe'. At the lower-mid range, business formation may be embarked upon reluctantly. Where employment rituals are experienced as emotionally draining, business ownership may offer an escape, but with little motivation to development the enterprise beyond providing a living (Scase and Goffee, 1982).

Finally, at the lowest levels of enterprise-ritual intensity and coherence, we would infer little motivation to engage in business formation. Here individuals are expected to perceive entrepreneurship as a potential emotional drain, being more attuned to roles involving security, conformity and restricted risk and responsibility. It should be noted, however, that because these motivations are formed within interaction rituals, there is always the potential for change and emergence as the balance of ritual success and resulting EE-flow shifts, or as individuals initiate new interaction situations with different groups of actors.

Entrepreneurial motivation is not to be regarded as a fixed power of an individual but as something that ebbs and flows in response to changes in emotional energy and positive or negative attributions towards particular forms of action (cf. Schumpeter, 1934). Figure 2 is not, therefore, an attempt to produce a typology or classification of entrepreneurial 'types' (e.g., Chell *et al*, 1991; Scase and Goffee, 1982; Chell, 2001; Wright *et al*, 1997), although it may usefully be considered in conjunction with such

frameworks. Rather it is a specification of the conditions and processes that are likely to produce different levels of entrepreneurial behaviour. Similarly, it differs from most information processing and decision-making models of entrepreneurial motivation (with which it should also be compatible) in its incorporation of emotions and its detailed specification of interactional dynamics (Segal *et al*, 2005; Naffziger *et al*, 1994; Chell, 2001, p.121).

It could be objected that this analysis, particularly as represented in figure 2, whilst incorporating and extending individual psychology, has failed to acknowledge the significance of the macro-structural dimension in shaping entrepreneurial behaviour. Given the deliberate focus on establishing the interaction-emotion-cognition relationship, it was considered unnecessarily complicating to introduce the vocabulary of social structure above. Nevertheless, at this stage in the argument, a brief discussion is warranted. The most obvious point of connection between the model developed here and more structurally focused approaches to entrepreneurship is through the notions of ‘embeddedness’ and social networks.

Embeddedness has been widely used as a means of conceiving the relationship between economic or material markets and wider patterns of social and cultural relations (Granovetter, 1985; DiMaggio, 2002, Jack and Anderson, 2002; Collins, 2004). Specifically, markets are considered to be embedded within socio-cultural networks that create the social conditions necessary for the former’s operation, via the determination of ground rules that specify how exchange should be carried out, and the establishment of shared trust amongst participants. Within our model, the notion of ‘ground rules’ links naturally to discourse/symbolism, in particular, those streams

of ‘meta-discourse’ that carry the shared knowledge of a collectivity and that will inform, if not determine, local awareness (Barnes, 2000).

In conjunction with such knowledge, membership rituals, as has already been suggested, provide a basis for shared trust (Misztal, 2001). And as interaction rituals are to be conceived, not as isolated events, but as components of ‘chains’ established by individuals and groups over time, they are easily translated into the language of network analysis (e.g., the extent to which the same individuals participate together in recurrent rituals giving measures of network stability/density). Interaction ritual theory, however, by emphasising the role of emotion, helps to explain not only the ‘positional’ quality of networks but also their internal dynamics – how, through the matching up of membership symbols and emotional energies, network ties are created or severed, entered into with enthusiasm or reluctance, and individuals welcomed or excluded (Collins, 2004, p. 166; Urry, 2003).

Conceived in this way, interaction rituals *qua* networks can be seen, depending on sociological preference, as either the ‘building blocks’ of social structure (‘Macro-social structures can be real, provided they are patterned aggregates that hold across micro-situations, or networks of repeated connections’; Collins, 2004, p. 259; 1981; Barnes, 2000), or as a ‘mediating mechanism’ between an objective, external structure and individual agency (Jack and Anderson, *op cit*; Shilling, 1999). In either case, the way is open to incorporate issues relating to the structural distribution of social and material resources. We would contend, however, that such incorporation, whilst allowing an elaboration of the ‘content’ of enterprise-rituals (e.g., the social

conditions that influence the distribution of material and symbolic resources between actors), would not challenge the basic structure of the model.

Conclusions

This paper has developed a model of entrepreneurial behaviour that links social interaction, emotion and cognition. It is hoped that this will broaden the developing subject of entrepreneurial emotions beyond a narrow cognitive perspective and, thereby, open promising new directions for theory and research. Our model suggests three broad areas for future investigation.

First, there is much to be gained from making the social situation, rather than the individual per se, the analytical starting point. This has two main implications: a) the need to specify in detail what entrepreneurs do, *and what is done towards them*, when they are constructing and developing businesses – how they interact, what sorts of symbols and discourses circulate within particular contexts, and what elements of interaction ritual are displayed; b) the need to examine entrepreneurial behaviour longitudinally, in particular to try to trace chains of interaction ritual over a life-course – focusing not just on the subjective but also the intersubjective dimensions of biography; not least, because many entrepreneurial propensities may be shaped within situations that have little direct connection to business formation. (for an initial attempt at this type of analysis applied to an empirical case, see Goss, 2007).

Second, is the further exploration of entrepreneurship's emotional dynamics. The empirical specification and identification of emotional energy is still in its infancy (Collins, 2004, p. 133ff; Katz, 1999) and new methodologies will be needed to

determine its presence, intensity and causes within the complex and varied situations involved in entrepreneurial processes. Similarly, this paper has made only limited reference to specific emotions (such as pride, shame, anger, joy). The links between these and the more global emotional energy need to be explicated more fully. Such development points towards an understanding of entrepreneurship as a form of emotional labour. On all these issues, the approach advocated here, whilst not ruling out quantitative attempts to measure and compare emotional effects (as has been undertaken in relation to ‘mood’, see above), is more likely to encourage research methods that produce findings that ‘are “thick” in texture and interpretive – “rich” in meanings, multidimensional and frank about ambiguities and contradictions’ (Fineman, 2004, p.732).

Finally, there is scope to develop further the links with both individual cognition and social structure, thereby promoting attempts to encourage greater cross-disciplinary debate within the field by moving away from the bifurcating disputes around structure-agency and individualism-collectivism. The analysis of entrepreneurial symbolism/discourse, particularly the relationship between its use within processes of cognitive appraisal/attribution, and its social construction as part of a system of collectively shared knowledge offers one potentially interesting way forward.

Although applicable in principle to all forms of entrepreneurship, we believe that the model proposed above could offer particular insight into areas such as family firm development, ethnic and minority enterprise, business mergers and competitive rivalries. In each of these cases, social interactions focusing on membership and exchange, wrapped in potent discourses and symbols of identity, appear frequently to

give rise to powerful emotions that infuse all aspects of business – sometimes leading to spectacular entrepreneurial achievements, but also to commercial ruin. We believe that the integrative model proposed here goes some way towards clarifying the profoundly social but also intensely individual forces that animate entrepreneurial behaviour.

Notes

¹ Some commentators might regard such a broad characterisation as potentially misleading. It is certainly true that some writers have recognised the likely involvement of emotions as a component of entrepreneurial behaviour, but this has remained a marginal concern. Baron's (1998: 280) account of cognitive mechanisms in entrepreneurship, for instance, refers to 'counterfactual thinking' as having potentially important effects on emotional states, and points to the role of 'affect infusion' in shaping entrepreneurial decisions, but fails to elaborate these possibilities in any detail. Shane *et al*'s (2003) model of entrepreneurial motivation associates high self-efficacy with passion – specifically 'passionate, selfish love of the work' (p. 268) – but, leaves this insight unexplored. Markman and Baron's (2003) discussion of person-entrepreneurship fit also focuses on self-efficacy but fails to explore its links to moods such as happiness and sadness, pride and shame (Bower, 1981; Kavanagh and Bower, 1985; Jacoby, 1996); similarly the connection between 'perseverance' (or rather the lack of it) and 'increased anxiety and negative affect' is acknowledged but unexamined. Finally, Chell and Tracey (2005) speak of the relevance of 'feelings of trust' but do not give this an explicitly emotional focus. Much the same applies to the network/embeddedness theories of entrepreneurship that have been influential since the 1980s: emotion is frequently implied but seldom explicated in detail, an 'absent presence', to coin Shilling's (1999) phrase. We contend, therefore, that despite these types of 'suggestive' insight, there remains a significant gap in relation to a detailed and extensive consideration of emotion.

² Here the notion of social constructionism is used broadly as a portmanteau term to encompass a range of approaches that share a 'family resemblance' rather than conformity to single orthodoxy (Nightingale and Cromby, 1999; Burr, 1995). These can range from perspectives that are strongly ideographic and relativist to those that conceive 'construction' as part of a reflexive and mutually constitutive relationship between actors/agents and social structures/institutions: 'our social constructions are always already mediated in and through our embodied nature, the materiality of the world and pre-existing matrices of social and institutional power' (Nightingale and Cromby, 1999, p. 209). The position favoured by this paper is towards the latter end of this spectrum, emphasizing the situated nature of action within structures of socially created shared knowledge and resources. Philosophically, it is sympathetic to the notion of 'social causality' as associated with Barnes's (2000) conception of collective agency, Collins' (2004) 'situationalism' and Emirbayer's (1997) 'relational sociology'. A detailed discussion of these issues is beyond the scope of the present paper but interested readers are referred to the extended treatments in Barnes (2000) and Emirbayer (1997).

³ This view is most fully developed in psychodynamic theory, a consideration of which is beyond the present paper's scope, but see Scheff, 1990; Kets de Vries, 1996; Gabriel and Griffiths, 2002. The application of psychodynamic theory to entrepreneurship is usually associated with the work of Kets de Vries who, in a series of papers (1977; 1985; 1996), has used Freudian theory to show how childhood 'disturbances' have the potential to influence later entrepreneurial behaviour. In particular, he has shown how emotional instability can shape what he has termed the 'dark side' of entrepreneurship, producing behaviours that often appear to have narcissistic-like qualities. Although enlightening as case studies of individual behaviour and the workings of an individual's 'inner theatre', psychodynamic theory's commitment to an essentially Freudian view of the psyche, limits its direct theoretical compatibility with theories that prioritise social causality of the sort offered here (see Barnes, 2000, p.28ff; an interesting attempt to bridge this gap can be found in the work of Thomas Scheff (1990; 1997; see Goss [2005b] for an attempt to apply these ideas to entrepreneurship).

⁴ These behavioural categories are used in preference to personality traits or cognitive processes because of their explicit focus on the relational and agentive qualities of entrepreneurship (Emirbayer, 1997; Emirbayer and Mische, 1998). They can be regarded as 'translations' from the more commonly used psychological constructs; our theory allows such a translation on the grounds that individual personality can be treated as socially-produced. The articulation of emotion, both cognitively (as part of an individual's 'inner dialogue') and behaviourally (as manifested in demeanour) constitute an important component of this production. For a detailed discussion of the social basis of personality, see Collins (2004: ch. 9) and Emirbayer (*op cit*, p. 296f).

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Figure 1. **Interaction ritual, emotion, cognition and action**

Figure 2. Situational conditions and entrepreneurial orientations