Exploring entrepreneurship as misbehaviour

Erik Lundmark & Alf Westelius

Abstract

Purpose: to explore the links between entrepreneurship and misbehaviour.

Approach: conceptual development using cases as illustrative examples.

Findings: the chapter finds that there is an overlap between the way misbehaviour is defined and the way entrepreneurship is conceptualised in the literature. It also finds previous research, distinguishing between desirable and undesirable misbehaviour based on the intentions or the outcomes of behaviour, insufficient in relation to entrepreneurship as misbehaviour. The reason is that for entrepreneurial ventures, the underlying intentions are often good, but the outcomes often not; and that making assessments of the outcomes of entrepreneurial ventures a priori is notoriously difficult. Assessing misbehaviour based only on organisational level evaluations is likewise insufficient in relation to entrepreneurship. The reason for this is that support for the venture may be needed also from actors outside of the organisation. Furthermore, what constitutes the organisation is not always clear. Therefore, we argue that it is necessary to broaden the view of what institutions determine whether a venture classifies as misbehaviour when analysing entrepreneurship.

Research limitations: the cases used to illustrate the overlap between entrepreneurship and misbehaviour are conspicuous and not necessarily representative for entrepreneurship and misbehaviour in general.

Originality: this is a first attempt at merging the misbehaviour and entrepreneurship literature, which highlights an important niche with a great promise for future research.

Keywords: deviance, entrepreneurship, misbehaviour, norm, rule, institution

Chapter type: Conceptual paper
Introduction

This chapter focuses on misbehaviour as deviance from norms and rules that is driven neither by a wish to hurt the organisation, nor by a wish to resist perceived unfairness. The driving force behind the type of misbehaviour this chapter focuses on is the wish to pursue an entrepreneurial opportunity. Such wishes, in turn, can stem from a desire for personal gain, for organisational gain, to realise vision or a combination thereof.

This chapter builds on the emerging literature that focuses on the deviant nature of misbehaviour. In the literature, this phenomenon is sometimes referred to as misbehaviour (e.g. Vardi and Wiener, 1996) and sometimes as deviance (e.g. Galperin, 2003; Robinson & Bennet, 1995). Despite the different labels, the definitions are very similar (c.f. Vardi & Wiener, 1996 & Robinson & Bennet, 1995). In this chapter we use the terms deviance and misbehaviour interchangeably, and we find that their definitions, in fact, would incorporate many entrepreneurial ventures. For example, Robinson and Bennett (1995, p. 556) define deviance as “voluntary behavior that violates significant organizational norms and in so doing threatens the well-being of an organization, its members, or both”. Although Robinson and Bennet’s (1995) definition was adopted by Galperin (2003) to specifically denote destructive deviance, it could also be used to denote many entrepreneurial ventures. This is because entrepreneurship: is associated with breaking habits, norms and rules (Wright & Zahra, 2011; Weiskopf & Steyaert, 2009; Johannisson, 2002); can take place within established organisations (Sharma & Chrisman, 1999); and is fraught with risk and uncertainty (Knight, 2002, Aldrich & Auster, 1986; Aldrich, & Ruef, 2006; Lundmark & Westelius, 2009). Although this type of misbehaviour is risky, it can also have positive consequences for the organisation, its members, or both. Research on the positive consequences of misbehaviour is a neglected area of the literature and one requiring further research (Richards, 2008).
In order to develop previous conceptualisations of misbehaviour, this chapter draws on the emerging strand of research that focuses on the dark side of entrepreneurship (e.g. Kets de Vries, 1985, Baumol, 1990; Osborne, 1991; Shane, 2008; Webb, Tihanyi, Ireland, and Sirmon, 2009; Wright & Zahra, 2011) and the limited work that emphasises positive aspects of misbehaviour as deviance and rule-breaking (e.g. Vardi and Wiener, 1996; Galperin, 2003; Spreitzer & Sonenshein, 2004; Morrison, 2006). In doing so, it explores links between entrepreneurship and misbehaviour theoretically and empirically.

The chapter is structured as follows: in the next section, we review the entrepreneurship literature with the aim of providing a conceptualisation of entrepreneurship and how it relates to institutions such as norm, rules and laws. Thereafter, we review and critique the emerging literature that focuses on conceptualisations of misbehaviour as behaviour that deviates from norms and rules. We find that definitions of misbehaviour and conceptualisations of entrepreneurship overlap and we argue that distinguishing between desirable and undesirable misbehaviour based on the intentions or the outcomes of behaviour, as is done in the existing literature, is insufficient in relation to entrepreneurship as misbehaviour. The reason for this is that for entrepreneurial ventures, the underlying intentions are often good, but the outcomes often not. Furthermore, making assessments of the outcomes of entrepreneurial ventures a priori is notoriously difficult.

We also argue that it is necessary to broaden the view of which institutions determine whether a venture classifies as misbehaviour when analysing entrepreneurship. The reason for this is that support for the venture may be needed also from actors outside of the organisation, and what constitutes the relevant organisation is not always clear. Therefore, we develop a framework for assessing entrepreneurship as misbehaviour based on the reviewed literature. This framework captures the potential inconsistencies in the institutional frameworks by which behaviour is assessed. In addition to these conceptual developments, the chapter discusses the links between entrepreneurship and misbehaviour and uses a number of noticeable instances of independent and corporate entrepreneurship in order to illustrate how institutional constraints affect entrepreneurial ventures. Lastly we discuss the chapter’s findings and assess them critically and conclude with suggestions for further research.

**What is entrepreneurship?**

Entrepreneurship has been defined in a myriad of ways not only by practitioners but also by academics (Gartner, 1990). Perhaps the archetypical description of entrepreneurship is a process where someone starts a firm, combining means of production and labour; the process or the output is novel (an innovation); the venture is associated with risk, but if successful, rewards are great both for the founder and for society. The entrepreneur is the instigator or driving force in this process. However, Schumpeter (2008) separates the inventor, the entrepreneur and the capitalist into three different roles that can be held by one person but also by different people. Differentiating between the inventor and the entrepreneur emphasises that the entrepreneur is someone who acts on an idea, without necessarily being its originator. With the capitalist as a central figure in the trinity, entrepreneurship is a phenomenon that is strongly associated with the capitalist paradigm. In contrast, Baumol (1990) argues that entrepreneurship is always prevalent regardless of whether it is a feudal, capitalist, socialist, or other form of society, and that entrepreneurship can be more or less
productive or even destructive. For example, he suggests that drug dealers and feudal warlords should be considered entrepreneurs.

More recent research has reframed the scope of entrepreneurship. In their seminal paper, Shane and Venkataraman (2000) created a framework where the discovery and exploitation of entrepreneurial opportunities constitute the focal phenomena. These processes can be instigated and driven by a single individual or many people, they can take place in new or established organisations and they are inherently associated with uncertainty. Furthermore, Shane and Venkataraman (2000, p. 220) define entrepreneurial opportunities as “those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at [a price] greater than their cost of production”. Shane & Venkataraman (2000) acknowledge that entrepreneurship occurs for reasons other than for profit, but limit their discussion to the for-profit situation and to the capitalist paradigm. In order to provide a more general definition of entrepreneurial opportunities, Davidsson & Wiklund’s (2001) discussion is helpful. In their view, entrepreneurship is about “emergence of new economic activity” (p. 93). They highlighted that entrepreneurship takes place not only in new organisations, but also in existing organisations and in cooperation of less formal nature. In later work they also explicitly state that economic has a much wider meaning than commercial (Wiklund, Davidsson, Audretsch & Karlsson, 2011). Therefore, what separates entrepreneurial opportunities from opportunities in general, is that they are associated with the emergence of new economic activity (e.g. new goods, services, and methods).¹

Although Shane and Venkataraman’s (2000) discourse is framed in a capitalist paradigm and assumes legality, there is nothing, in principle, that prevents the phenomena of opportunity recognition and exploitation from taking place in other settings. For example, Webb et al. (2009), building on Shane and Venkataraman (2000), emphasise that some entrepreneurial opportunities exist outside of the frame of legality and legitimacy. Webb et al. (2009) distinguish between two types of institutions – formal (laws and regulations) and informal (norms, values, and beliefs). In their terminology, formal institutions determine legality and informal institutions determine legitimacy. Although most people have norms that roughly correspond to the legal framework, in some respects norms, beliefs and values of large groups in society deviate from laws and regulations. For example, using undocumented labour and sharing copyrighted files over the Internet are examples of activities that are illegal (in most countries), but nevertheless deemed legitimate by large parts of the population. Consequently, some entrepreneurial opportunities may exist and may be pursued in what Webb, et al. (2009) refer to as the informal economy. The informal economy is the part of the economy that is illegal but considered legitimate by a large portion of the population. The renegade entrepreneurs operate outside of both formal and informal institutions. Although Webb et al. (2009) do not give a name to the type of economy that is legal but considered illegitimate by large parts of the population, activities falling into this category are clearly conceivable. For example prostitution is legal in many countries, but is still considered illegitimate by large parts of the population. We term this category offensive entrepreneurship.

¹ One can of course discuss the degree of newness required to qualify or the entity to which the newness refers, e.g., new to the organisation, new to the industry, new to the region or new to the world. Such discussions are, however, outside of the scope of this chapter.
The separation between the formal and informal types of entrepreneurship is likewise found within the corporate entrepreneurship literature (Zahra, 1991). Corporate entrepreneurship denotes entrepreneurial processes within already established firms (Sharma & Chrisman, 1999). Within this literature it is emphasised that entrepreneurial initiatives often originate from bottom-up processes (cf. Burgelman 1983; Kuratko & Goldsby, 2004; Burgelman & Grove, 2007). At times these bottom-up ventures are informal, that is, they are not sanctioned formally by the organisation (Zahra, 1991). In promoting their ventures, corporate entrepreneurs often have to negotiate and create coalitions in its favour. In the seminal terminology developed by Hirschman (1970) they have to voice. At times voicing may go so far as to defy top management directives. For example the development of the laptop by Toshiba was vetoed twice by the headquarters and consequently driven underground and developed by engineers officially working in another project (Abetti, 2004). In face of too harsh resistance, corporate entrepreneurs may opt to cease pursuing the venture, which correspond to loyalty in Hirschman’s (1970) terminology. However, the entrepreneur may also opt to leave their organisation and start their own firm, an action that Hirschman (1970) refers to as exit.

As illustrated in Table 1, entrepreneurs can break norms or laws (or both) in their pursuit of entrepreneurial opportunities. In other words, entrepreneurial action (i.e., pursuing entrepreneurial opportunities) is only partly constrained by institutions (Webb et al. 2009). In addition, the strategies employed by entrepreneurs to respond to institutional pressures may influence the very institutional framework in which they find themselves and their organisations (Oliver, 1991). Thus some scholars use the term institutional entrepreneurship in reference to entrepreneurial actions that reshape our institutional frameworks (cf. Aldrich, 2010; 2011). Conspicuous firms like Ford, IKEA and McDonalds have reshaped not only people’s habits but also their view of reality (Johannisson, 2002). However, these processes are not predictable. As humans are myopic to the impact of their ventures in the market place (Lundmark & Westelius, 2009) they are even more so with regards to their impact on institutions (Aldrich, 2010; 2011). Of course, this has neither stopped people from starting firms, nor from trying to influence institutions. In other words, despite being unable to control and foresee the outcome of their actions, entrepreneurs start ventures, which inevitably involve uncertainty (Knight, 2002), and great variance in outcomes (Shane, 2008). As entrepreneurs strive to introduce new products, services, methods, or to reach new groups with existing ones, they often find themselves
in conflict with existing norms and rules. These conflicts sometimes stifle entrepreneurial ventures, at other times redirect entrepreneurial effort (cf. Baumol, 1990) and sometimes lead to the emergence of new institutions such as norms, rules and laws.

**Misbehaviour and institutional frameworks**

The concepts incorporated under the large umbrella of misbehaviour include deviance, resistance, antisocial behaviour, social loafing, dysfunctional behaviour, aggression, violence, counterproductive behaviour, sexual harassment, delinquency, vice, retaliation and revenge (Sagie, Stashefsky & Koslowsky, 2003; Collinson & Ackroyd, 2006; Shamsudin, 2006; Ackroyd this volume). While most of these concepts have negative connotations, recent research emphasises that misbehaviour in the form of rule and norm breaking can lead to positive outcomes (Appelbaum, Iaconi, & Matousek, 2007). For example, Galperine (2003) includes some innovative and entrepreneurial behaviour in the concept of workplace deviance. With such a wide variety of possible behaviours, definitions of misbehaviour vary substantially between authors. For example, Ackroyd and Thompson (1999, p. 2) include “anything you do at work you are not supposed to do”. Others focus specifically on acts that are intended to harm, or that have negative consequences (see Collinson & Ackroyd, 2006; Shamsudin, 2006 and Richards, 2008 for reviews).

This chapter adopts a definition of misbehaviour that is centred on the institutional framework in the focal context. This definition is based on the emerging literature that emphasises the deviant nature of misbehaviour. In this literature, misbehaviour is seen as the conscious breaking of institutional constraints such as norms and rules. For example Collinson & Ackroyd (2006, p. 306) define misbehaviour as “self-conscious rule-breaking”; Vardi & Wiener (1996, p. 151) define it as "any intentional action by members of organizations that violates core organizational and/or societal norms"; Robinson and Bennett (1995, p. 556) specifically focus on workplace deviance, which they define as: “voluntary behavior that violates significant organizational norms and in so doing threatens the well-being of an organization, its members, or both”, which has been boiled down to “voluntary behaviour that violates organisational norms” by Galperin (2003, 155). In all these definitions, norms are defining what is, and what is not, misbehaviour or deviance. Furthermore, the labels, misbehaviour and deviance, refer to strikingly similar phenomena, and there is as much similarity between different definitions of misbehaviour as there is between definitions of misbehaviour and deviance. Therefore we use the terms interchangeably.

In an attempt to subdivide the concept of deviance, Galperin (2003) distinguishes between constructive and destructive types. She used Robinson and Bennet’s (1995) definition to denote destructive deviance, which is contrasted with constructive deviance, which in turn is defined as “voluntary behaviour that violates significant organizational norms and in so doing contributes to the well-being of an organization, its members, or both” (p. 158). Consequently, in Galperin’s (2003) typology, the outcomes of behaviours are also considered. However, the consequences of many types of behaviour are not known prior to the behaviour itself. Consequently, the distinction between constructive and destructive deviance can only be made post hoc or on a speculative basis. What makes this even more troublesome is that the types of behaviour Galperin (2003) includes in the category constructive deviance include entrepreneurial and innovative behaviour. For these types of behaviour, the consequences are particularly difficult to predict and many entrepreneurial ventures have negative consequences (Lundmark & Westelius, 2009; Davidsson & Wiklund, 2001).
Therefore, trying to separate constructive and destructive deviance, based on the outcomes of the behaviour, renders the distinction meaningless but for speculation or hindsight evaluations. Others have tried to separate desirable and undesirable deviance on the intentions of the deviant (e.g. Spreitzer & Sonenshein, 2004). Admittedly, intentions often precede behaviour and are frequently used by people to judge the appropriateness of behaviour. Nevertheless, intentions are often disguised by people and for entrepreneurial behaviour (which is this chapter’s focus), the intentions of the entrepreneurs are not sufficient to evaluate its desirability as the outcomes of even well intended ventures are uncertain (Knight, 2002; Shane, 2008; Lundmark & Westelius, 2009).

Another categorisation is made by Vardi and Wiener (1996), who separate norms into two kinds – societal and organisational. In addition, as described previously, Webb et al., (2009) distinguish between informal institutions (norms, values and beliefs) and formal institutions (laws and regulations). Similarly, but in relation to organisations rather than society at large, Morrison (2006) distinguishes between explicit organisational rules and informal organisational norms. Combining these categorisations produces four possible institutional constraints to break for a potential misbehaver: (1) societal laws and regulations (Laws); (2) societal norms values and beliefs (Societal norms); (3) organisational formal rules (Rules) and; (4) organisational norms, values and beliefs (Organisational norms). This categorisation is admittedly based on fuzzy concepts, as laws and rules are sometimes ambiguous and norms can vary between subgroups in organisations and in society, and over time. Therefore, the distinctions presented in Table 2 constitute simplifications in order to be parsimonious2.

Table 2 Institutions defining misbehaviour

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<thead>
<tr>
<th>Level</th>
<th>Formal</th>
<th>Informal</th>
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<tr>
<td>Societal</td>
<td>Laws</td>
<td>Societal norms</td>
</tr>
<tr>
<td>Organisational</td>
<td>Rules</td>
<td>Organisational norms</td>
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If one or more of the constraints in Table 2 are broken, the act is misbehaviour (from some perspective). If none of the constraints are broken, the act is not misbehaviour. Defined this way, our typology excludes intentions, which are central in much of the previous literature. For example, Vardi and Wiener (1996) only include intentional actions in their definition. However, it is unclear whether the intentionality regards breaking the norms or only the intended outcome (i.e. to benefit self, to benefit the organisation or to inflict damage).

Robinson & Bennett (1996, p. 556) use the term voluntary instead of intentional: “Employee deviance is voluntary in that employees either lack the motivation to conform to normative

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2 There are other levels of institutions such as industry and profession (Spreitzer & Sonenshine, 2004).
of the social context or become motivated to violate those expectations”. Drawing on both Robinson & Bennett (1996) and Vardi and Wiener (1996), Galperin (2003) uses the terms purposeful and intentional in order to include voluntary acts and exclude accidental acts. Consequently, little distinction is made between the terms intentional, purposeful and voluntary.

We find the inclusion of these concepts (i.e., intentionality, purposefulness and voluntariness) into the definition of deviance or misbehaviour problematic for two reasons. Firstly, although purposeful and intentional could be used synonymously, they are both different from voluntariness. For example, an employee can be forced to break rules. This kind of rule breaking is intentional but not voluntary. Conversely an act can be carried out voluntarily, without intention to break rules, norms or laws, but still do so. Secondly, and more importantly, norms and rules often incorporate intentionality and voluntariness. An honest mistake is normally not considered as a breach of norms or laws. However, in some cases neglect could imply culpability both in the eyes of colleagues and the law. Put differently, an act breaks the law when the judicial system rules it so, and norms are broken when people upholding those norms consider it to do so; in both these cases, intentions and voluntariness are normally considered by the relevant institution. Therefore, we see no need to incorporate intentionality and voluntariness in the definition of misbehaviour, as norms, rules and laws already incorporate these aspects. Inspired by the distinction made by Reeve (1982), who separated intention (inside perspective) from responsibility (outside perspective), our definition takes the outside perspective, which in this case is the perspective of the relevant institutions. It is thus not the actor’s intentions or active choice that define whether an act is misbehaviour; it is how the act would be assessed by the relevant institution if the act were noted.

This general framework (summarised in Table 2) allows for different types of misbehaviour depending on which institutions are trespassed against. Separating the kind of institutions people can trespass against also removes the blind spot created by a monolithic view of institutions. For example, whereas Robinson and Bennett (1995) have argued that dumping toxic waste in a river should not be considered misbehaviour if the organisational norms encourage such behaviour, the framework suggested in this chapter captures both the unlawfulness and societal illegitimacy of such behaviour. In other words, this chapter’s framework captures potential inconsistencies in the institutional frameworks in which people exist.

In addition to misalignment of societal and organisational institutions, there may also be discrepancies between formal and informal institutions within the same level of analysis (i.e. organisational or societal). Webb et al. (2009) highlight the discrepancy between how large parts of the population and people in some countries view file sharing of copyrighted files. Furthermore, within organisations, the formal and the informal institutions may be contradictory. Returning to toxic waste – it is unlikely today that the formal rules of any organisation would condone dumping, although informally norms may encourage it. In such cases, employees find themselves between a rock and a hard place. Regardless of their actions, they will misbehave from some perspective. In fact, this discrepancy may be used as a buffer for managers, who, in case of external exposure, can blame the particular employees who got caught.
Links between entrepreneurship and misbehaviour

According to the definitions provided above, entrepreneurship is misbehaviour if it involves trespassing against organisational or societal formal or informal institutions. Our definition of entrepreneurship makes the distinction between entrepreneurial action and non-entrepreneurial action possible. Entrepreneurial actions are associated with pursuing entrepreneurial opportunities, which in turn are associated with the emergence of new economic activity. Thus seizing the opportunity to steal cash or some products from the organisation is not entrepreneurship, whereas seizing the opportunity to produce a new type of product or finding a new use for old products is. Stealing cash from the organisation would fit neatly under the wide misbehaviour umbrella, whereas a new use for old products could be misbehaviour, but need not be necessarily. For example reusing pace makers from dead people would not be in accordance with US institutions if the reuse takes place in the US (c.f. Ramqvist, 2011, Kantharia et al., 2011) and would therefore constitute both misbehaviour and entrepreneurship. Recycling plastic bottles to produce fleece fabric, on the other hand, would be entrepreneurship but not be misbehaviour as it would be in accordance with both formal and informal institutions. Therefore, according to the definitions discussed in this chapter, there is a conceptual overlap between misbehaviour and entrepreneurship as some entrepreneurial ventures break rules and norms and therefore qualify also as misbehaviour.

In addition to the discussed conceptual overlap between entrepreneurship and misbehaviour, there is a range of potential empirical commonalities between the two phenomena. Such commonalities can stem from organisational factors that enable both entrepreneurship and misbehaviour. For example, autonomy is positively related to entrepreneurial behaviour (Lumpkin & Dess, 1996; Lumpkin, Cogliser & Schneider, 2009), but it has also been found to be positively related to misbehaviour (Vardi & Weitz, 2003). Consequently, attempts at supporting entrepreneurial behaviour can unintentionally enable misbehaviour. Another source of overlap may be common characteristics of entrepreneurs and entrepreneurship. For example, Wright and Zahra (2011) portray entrepreneurs as rule breakers; Kets de Vries (1985) claims that entrepreneurs are often suspicious of authority; Johannisson (1987) stresses that entrepreneurs frequently assume the role of an anarchist in relation to the existing institutional framework; and Kramer, Cesinger, Schwarzinger, and Gelléri (2011) find that narcissism and psychopathy are positively related to entrepreneurial intentions. Furthermore, Shane (2008) draws upon a substantial body of research when he claims that many entrepreneurs are uninterested in working for others. However, successful business start-ups regularly employ people and consequently owner-managers often end up with substantial power over the firm’s employees. This power can corrupt and in doing so promote both deviant and harmful acts by the entrepreneur (Osborne, 1991).

In order to exemplify how entrepreneurship can clash with existing norms and rules and how these clashes are viewed by entrepreneurs, managers and society, we draw on some noticeable cases of entrepreneurship. These examples are all prominent and large-scale ventures that have been represented as controversial. They range from rather mild organisational misbehaviour, via examples involving both legal and social complications, to those that members of the general public have branded outrageous misbehaviour. These examples are chosen because they are conspicuous and are therefore not necessarily representative for entrepreneurship and misbehaviour in general.
Defending the project against the project review procedures

The ulcer drug Losec is the most successful product developed by the pharmaceutical group Astra. From its introduction in 1988 until the expiry of the patents, Astra had the income from Losec as a mainstay. Still, while now competing with generic drugs, the worldwide sales in 2010 amounted to almost $1bn (AstraZeneca 2011, p. 57). However, Losec was not developed as a consequence of corporate top management strategy, nor even a continuously accepted development effort. In fact, it was developed in defiance of corporate management research portfolio norms, and the development project was saved from premature termination five times between 1966 and 1984 (Eliasson & Eliasson, 1997). Repeatedly, according to the corporate project assessment criteria, the project development and test results qualified it for termination, and top corporate management moved to enforce the norms. However, Ivan Östholm, head of the research team at the Astra division Hässle, championed the project in the face of opposition from top management. In order to obtain the needed funds for the continuation of the project, he collaborated with another pharmaceutical company, Abbot. In addition, he applied for governmental funding on other occasions when corporate management did not supply the funds needed. The last challenge, in 1984, when test results indicated that the drug was carcinogenic, should have resulted in project termination. The project team nevertheless persisted in challenging and reinterpreting the test result, eventually showing that the carcinogenic indication was false. Four years later, Losec was successfully launched.

In terms of legality and legitimacy in the eyes of the general public, this is uncontroversial. In the terminology of Table 1, it is a clear example of formal entrepreneurship. The behaviour of the project champion, Östholm, would typically be viewed as laudable. In that assessment, the outcome plays a large role; the evaluation would probably have been different if the project had failed, and especially if the indications of carcinogenic traits had held up to subsequent tests. It is possible that a manager, who promotes his own project not only against top management, but also against carcinogenic indications, would have been classified as practicing offensive entrepreneurship.

Given the highly successful outcome, Östholm and others defending the project and guiding it through the organisational maze did not break any laws or societal norms (cf. Table 2). However, in terms of organisational norms positing that top management should be the ones to prioritise the research project portfolio and that assessment routines should be adhered to, the nonconformity and unswerving belief in the project exhibited by Östholm defied these norms. Therefore, his behaviour could be classified as resistance (see Ackroyd this volume). Nevertheless, this behaviour certainly was entrepreneurial, putting considerable company resources at risk, treading paths where the outcome was genuinely uncertain – and the potential rewards large. Again, what makes the project champion in this case an entrepreneurial hero, rather than a resisting or even misbehaving middle manager, is the ultimate success of the project. The later into the project, the higher the probability that project failure would have cost him his position.

Innovating social networking to find a successful and legal solution

Like most other entrepreneurial ventures, the idea behind the internationally renowned social networking site Facebook developed during an extended period of time including experimentation
and interaction with many people (cf. Klofsten, 2005). Some early experimentation started with Zuckerberg obtaining photos of female Harvard students from student Houses' online archives and creating the website Facemash, where users could rate the relative attractiveness of the students based on their photos being presented two at a time. Zuckerberg did not have permission from either those photographed or from the organisations that stored the files online. The site quickly became so popular that the traffic crashed parts of Harvard’s network. Also, representatives of Harvard female student associations sharply criticised the site.

The entrepreneurial action is consequently based on illegal use of photos (violating copyright and violating individual privacy) and for purposes deemed unethical by the Harvard administration and by a number of female students. Zuckerberg was called before the Harvard Administrative Board to face charges (Kaplan, 2003). The venture Facemash could thus qualify for the label renegade entrepreneurship in the terms of Table 1, and it violated all four types of institutions in Table 2. However, the view of violation of social norms is not universal. The large amount of users at Harvard obviously did not see the system as violating their norms sufficiently to refrain from using it. The actual traffic that crashed the servers was enabled by Zuckerberg, but created by large numbers of his fellow students.

Another experimental step was to create a social study tool used by students in an art history class to share notes relating to 500 depicted works of art in preparation for the final exam. The tool was successful, students became unusually well acquainted with the art covered in the course, and no one appears to have objected to the venture, although it probably involved copyright infringement concerning the pictures that were posted. Although strictly speaking illegal, those who came in contact with the application probably viewed it as legitimate and did not think of it as illegal. In terms of table one, this activity qualifies as an example of formal rather than informal entrepreneurship. The organisational setting would tend to stress the desired positive qualities of student collaboration and collegial knowledge sharing while studying and preparing for examinations, relegating copyright concerns into the background. Akin to the Astra case, the success of the venture (in this case, student learning) tends to skew the assessment towards laudable entrepreneurship rather than entrepreneurship as misbehaviour, although the reproduction of pictures in the social study tool violates copyright laws.

The final, and by now internationally renowned entrepreneurial step, was taken the following year. The creation of thefacebook, a networking site open to Harvard students, built on users uploading their own material to collectively create an all-Harvard facebook with social networking functionality, thus not dependent on that Zuckerberg should obtain and post pictures of others. Unlike the study tool and Facemash, thefacebook would thus neither seem to breach legal nor social institutions.

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3 Facebook currently claims to have more than 800 million active users in total and 400 million a day and 80% of the users are outside the USA. More than 7 million apps and websites are integrated with Facebook and users perform more than 20 million apps downloads per day. (Facebook statistics, accessed 25-01-2012).

4 The original name of the website was thefacebook, which was located at thefacebook.com. In 2005 the domain facebook.com was acquired for $ 200 000 (Williams, 2007).
Zuckerberg was not an inventor of the concept social networking media. Perhaps he was not even the originator of the idea to build a tool that capitalises on the networking desires within an existing high-status group, like Harvard students. But he was an entrepreneur, acting to capture the potential of such a tool; he wrote the code and launched the tool. However, fellow students claimed that the idea was theirs. The twins Cameron and Tyler Winklevoss contracted Zuckerberg (orally) to develop the code for their social networking site for Harvard students, Harvard Connection. Zuckerberg did not fulfil the contract, but instead developed the Facebook on his own. This eventually led to a lawsuit, a countersuit, and a settlement where Facebook agreed to pay USD 65 million. This seems to strongly indicate that it was indeed a case of misbehaviour – at least informal, if not renegade, entrepreneurship in terms of Table 1. But the size of the settlement is perhaps a less valid indicator of severe misbehaviour. As one Harvard Law School professor commented:

“[The notable problem of the lawsuit is] the total and absolute absurdity of the world where the engines of a federal lawsuit get cranked up to adjudicate the hurt feelings (because “our idea was stolen!”) of entitled Harvard undergraduates ... Did Zuckerberg breach his contract? Maybe, for which the damages are more like $650, not $65 million. Did he steal a trade secret? Absolutely not. Did he steal any other “property”? Absolutely not—the code for Facebook was his, and the “idea” of a social network is not a patent. It wasn’t justice that gave the twins $65 million; it was the fear of a random and inefficient system of law. That system is a tax on innovation and creativity. That tax is the real villain here, not the innovator it burdened.” (Lessig, 2010)

This is strong criticism of the norms of a legal system, posed by someone well acquainted with that system. In Lessig’s view, the alleged misbehaviour of the entrepreneur (Zuckerberg) is a minor one: the enterprising people filing the lawsuit against Facebook used the norms and rules of a flawed legal system to extort unreasonable compensation. Here, playing within the laws and organisational norms of the legal system is at odds with social norms of “fair” compensation and organisational norms within the fledgling enterprise later to be known as Facebook. Zuckerberg exited from the organisation led by “the twins”, possibly in breach of his contract with them, to devote his energy to his own entrepreneurial venture. Lessig suggests that it would be more appropriate to view the twins as the misbehaving entrepreneurs, using the threats of a flawed legal system to tax a more successful entrepreneurial colleague, thus violating the norms of fairness held by many in the US society. Zuckerberg’s entrepreneurial venture was not, according to Lessig, in itself a case of misbehaviour.

Subsequently, Facebook was rolled out to other prestigious universities, and eventually to the general public. It has now achieved success at a level where it starts to become viewed as misbehaviour by creating societal norms that compromise other, existing, societal norms. Facebook makes it easy to display and share private thoughts, ideas, accounts of events, and pictures. Indeed, its success is based on the encouragement of such sharing to an ever greater extent. This has started to create concerns regarding the threat to integrity that this Facebook-facilitated and -encouraged norm of divulging private information poses to the norm-adopting user. According to the assessment of a Wall Street journalist (drawing upon American Customer Satisfaction Index scores connected with integrity concerns), Facebook is now one of the ten most hated American companies (Kederstedt, 17-01-2012). Among people sharing these views, the managers of Facebook are now engaging in offensive entrepreneurship, in terms of the Table 1 classification.
Innovating the sharing of digitised material in the legal borderlands

Like with the creation of Facebook, the third case relates to an Internet-based entrepreneur engaging in behaviour that could be considered either laudable or criminal. The high-profile site The Pirate Bay is one of the world’s largest sites facilitating file sharing and, according to the web information company Alexa’s traffic ranking, the 75th most accessed website in the world (Alexa, 25-01-2012). Unlike our other examples, it was intended to be controversial, as an active part of the anti-copyright movement. It is an Internet site upon which the general public can post and follow links, called Torrent files or, more recently, Magnet links, which direct users to chunks of another file, potentially allowing them to download it. This second file may be copyrighted, making the site a potential facilitator of copyright infringement. Because the site does not itself contain copyrighted material, it is likely that it was legal when it was first founded. However, after a change in the law, a Swedish court deemed the founders to be guilty of facilitating copyright infringement, a sentence they have appealed. The trial generated much public interest and debate. Some have claimed that its founders were great entrepreneurs who have instigated Schumpeterian creative destruction (Lewan, 2009). Others have viewed them as common criminals (Dagens Nyheter, 2009).

The case illustrates that illegality as a criterion for misbehaviour implies that the same phenomena can be categorised differently at different points in time. The Pirate Bay was an example of legal entrepreneurship when it first started, but ceased to be legal after a change in the law and the current court rulings. If the appeals court upholds its founders’ appeal, however, they would once again become legal entrepreneurs. If this leads to the law being changed, it would be reasonable to maintain that the operation should not have been considered to be criminal in the first place, resulting in them having been engaging in legal entrepreneurship all along. From a legal perspective, a particular entrepreneurial venture could thus sometimes be considered as misbehaviour and sometimes not, depending on the current law and the court rulings, which in the case of The Pirate Bay are unclear in lack of a precedent.

Legitimacy is another matter. The entrepreneurs knew that they were engaging in controversial activity when they set up a site to facilitate file sharing. Even though the torrent technology employed by The Pirate Bay could be considered legal, the general public and representatives of national and international organisations held widely differing views regarding the legitimacy of the file sharing that users engaged in, facilitated by the site. Some would agree with The Pirate Bay founders that the site was engaging in legitimate activity, and that its provocation of Internet-averse content-industry actors was just and laudable. Others would side with copyright-defending actors, maintaining that the entrepreneurs were engaging in illegitimate activity and that this was a clear case of what Table 1 terms offensive entrepreneurship. Interestingly, some people engage in file sharing of copyrighted material as it benefits them despite considering it wrong in principle. Others refrain from doing it as it is illegal, although they think that in principle it should be legal.

A point that appears to be important to the assessment of legitimacy is whether or not the entrepreneurs earned considerable amounts of money on the operations or not. An idealistic provocation of the copyright-based industry was considered far more legitimate than a for-profit business venture facilitating both legal and illegal file-sharing. As in the previous cases, the assessment of whether a certain entrepreneurial act is misbehaviour is not determined solely by the act itself or by the intention of the actor, but rather through a complex interplay between rules and
norms, outcomes and intentions as viewed by those assessing the entrepreneurial act. Different people can come to different conclusions, and an individual may reach different conclusions at different points in time. Ultimately the media attention about The Pirate Bay and the trial helped direct the general public’s attention to copyright and privacy issues to such an extent that the Pirate Party managed to secure seats in the European Parliament based on a platform of reforming copyright and patent legislation and strengthening the citizens’ right to privacy.

**Monetising healthcare too far**

Like The Pirate Bay, our final example is played out in an area where public opinion is divided. However, unlike the entrepreneurs in The Pirate Bay case, the entrepreneurs behind the for-profit healthcare provider Capio did not wish to provoke opponents or upset feelings. The Capio Group, with annual sales of approximately 1,100 million EUR, comprises about 60 operating units with some 9,000 employees and operates in Sweden, Norway, France, Germany and the UK. In Sweden, the firm has been one of the front runners in establishing for-profit care and healthcare when politicians started to allow such ventures to expand. Capio’s official ambition is to be the healthcare provider that best fulfils the demands imposed by patients, public healthcare, companies and organisations. In order to fulfil that ambition, they claim to focus on high quality and effective care services and place the individual patient’s needs and expectations in the centre. Furthermore, they express their intention regarding entrepreneurial development within the company as follows:

*Instead of traditional competition, Capio has chosen to collaborate with public healthcare. In close co-operation with principals, Capio develops methods, models and concepts with the aim of creating new opportunities for co-workers to pursue renewal work.* (Capio, 2012)

Instead of conveying these intentions through their actions, Capio has recently made headlines through cases where it has focused to the extreme on the monetary results, compromising care goals to increase profitability, to such an extent that it appears that contract conditions have been violated (Svenska Dagbladet, 2011a). Such short-term commercial optimisation compromises the espoused quality norms of professional medical staff as well as of clients and family. The mass media has presented individual cases of neglect or seemingly outrageous attention to monetary consequences ahead of wellbeing and caring. This has resulted in strong reactions from the general public as well as from politicians.

In addition, Capio’s managers have used transfer pricing to move money between countries in order to reduce taxation⁵, not obviously in violation of laws, but certainly compromising social norms in societies where healthcare is not generally viewed as a legitimate area for profit-seeking operation. Striving to be entrepreneurial at corporate and local levels, actors within the group have thus managed to cross borders that at least in the eyes of people outside the organisation appear as misbehaviour (Svenska Dagbladet, 2011b). The misbehaviour may presently be limited to breaching societal norms rather than laws, but the case has also sparked discussions about legislation against for-profit healthcare and against the type of tax-reducing measures Capio employed. Thus, what today is a case of offensive entrepreneurship in the terms of Table 1 may in the future become

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⁵ A common vencap procedure is to provide expensive loans from group units on Channel islands (tax havens) to countries where operations run at a profit.
renegade entrepreneurship. Company officials have attempted to soothe the public and politicians by promising to improve its quality of service and by discontinuing the export of profits. Nevertheless, some county councils and municipalities have terminated their contracts with the company.

Discussion

From a purely analytical perspective, most entrepreneurship could be viewed as misbehaviour, if we hold that entrepreneurship involves the breaking of habits, norms or rules (Wright & Zhara, 2011; Weiskopf & Steyaert, 2009; Johannisson, 2002) and that the ventures expose the organisation hosting them to risk because of their uncertain outcomes (Knight, 2002, Aldrich & Ausfar, 1986; Aldrich, & Ruef, 2006; Lundmark & Westelius, 2009). As illustrated by the examples in the preceding section, most ventures of any importance have proponents and opponents, and assessments of the character of the entrepreneurial ventures tend to differ between people and over time. For example, Östholm’s persistence in pursuing the development of Losec in the face of corporate top management opposition and in violation of the standard evaluation rules in the pharmaceutical group breached corporate institutions. However, in retrospect, when Östholm’s faith in the research path and the subsequent drug turned out to be warranted, success silenced concerns, and few would any longer view it as a case of misbehaviour, even if they did before the success became evident.

Similarly, Zuckerberg’s early defiance of norms appears more forgivable given the subsequent success of Facebook. Had he quenched his entrepreneurial urge after Facemash, those who had learned about his actions would probably have considered them as offensive or even renegade entrepreneurship. However, the success of Facebook has also contributed to widespread negative attitudes towards it, particularly in relation to the large-scale disclosure of private details about people. Some tend to look to the benefits, viewing it as a positive case of formal entrepreneurship. Others, paying more attention to actual and potential drawbacks, view it as offensive entrepreneurship.

The entrepreneurs creating and running The Pirate Bay intentionally challenged laws and pro-copyright norms, championing free-content norms pervasive in parts of society. By launching themselves into a contested area, it was obvious that there would be people condoning and people condemning their venture. This case illustrates how public opinion was influenced by the relationship between lawmaking, the case and people’s own behaviour and positions. Swedes voted the Pirate Party into the European parliament, partly in protest against the changes in the law that strengthened the position of copyright holders and decreased the individual’s right to privacy. Large portions of the general public viewed actions of The Pirate Bay entrepreneurs as legitimate, even if they would be judged unlawful. Simultaneously, others viewed it as misbehaviour from both legal and legitimacy perspectives.

The Capio case, finally, illustrates how the actions of individual entrepreneurs can influence the proponents of general principles. In Sweden, there has been a political divide between those proposing that for-profit operation can help vitalise the healthcare sector and make it more efficient, and those who maintain that it is unethical to make money from people’s need for care and
When cases of maltreatment could be tied to organisational norms, guidelines and profit-seeking behaviour in Capio, it not only led to the view of those specific acts as malpractice, but also to a general vilification of the Capio group as offensive entrepreneurs. Furthermore, it increased sentiments against for-profit care.

As illustrated by these examples, rather than being objective and static, the assessment of entrepreneurship as misbehaviour depends on the perspective of the assessor, which in turn can change over time and both influence and be influenced by laws and societal norms. The judgement of whether entrepreneurship is misbehaviour rests on people’s emotional and moral assessment of the venture. This judgement is influenced, but not determined, by the (assumed) intentions of the entrepreneurs and/or the noted consequences, and relations to other acts.

An important risk in this regard is that successful ventures end up in the entrepreneurship literature and unsuccessful ones in the misbehaviour literature. The Losec case is not unique. In fact, the entrepreneurship literature highlights the informal nature of many entrepreneurial ventures in existing organisations (Zahra, 1991; Kuratko & Goldsby, 2004; Burgelman 1983; Burgelman & Grove, 2007). However, the misbehaviour literature tends to omit successful ventures as post hoc evaluations tend to be skewed by the outcomes. For example, the development of the laptop computer by Toshiba, mentioned earlier (cf. Abetti, 2004), was a clear example of both misbehaviour and entrepreneurship. However, it ends up in the entrepreneurship literature and not in the misbehaviour literature.

Another issue in the assessment of misbehaviour is that of organisational versus societal norms. In a startup, norms will be built around the entrepreneur’s idea(s), and are thus highly unlikely to clash with the entrepreneurial venture. For entrepreneurs acting in existing firms, on the other hand, there will be established norms, rules and routines that, at least to some extent, can be expected to be compromised by the entrepreneurial venture. Indeed, if no such clashes occurred, the venture would hardly qualify as entrepreneurial. The entrepreneurial venture might or might not clash with the societal norms surrounding the organisation.

The Losec venture came to conflict with some corporate norms and rules, but those clashes would hardly have mattered sufficiently to people outside the organisation to make them brand Östholms’s conduct as misbehaviour. The mistreatment in Capio, on the other hand, resonated with internal norms favouring economic efficiency while clashing with norms stemming from the caretaking and medical professions. Unlike in the Astra case, people outside Capio tended to care and pass judgement on the actions and the ethos of Capio as depicted by the maltreatment cases.

Zuckerberg’s entrepreneurship, finally, did not initially clash with his core organisation, which originally comprised only himself and some friends. However, his organisation was initially not just, or even primarily, interacting with and exposed to the general public, it acted within the larger organisation Harvard, of which he, as a student, was a member, and of which his original target users or “customers” were members. In relation to that organisation, his Facemash initiative

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6 Interestingly, the general public and the politicians seem much less concerned about Swedish pharmaceutical companies making profit than care and healthcare being operated by for-profit companies.
compromised norms and rules, and the moral standards of influential organisational members and some, but not all, fellow students. The collaborative study tool matched the organisational norms to a far greater degree, and the Facebook did not clash in any conspicuous way with the Harvard norms or rules. However, the start-up of the Winklevoss twins that contracted Zuckerberg to develop code for their social network site, viewed Zuckerberg's actions not only as a failure to deliver to them, but also as theft of their business idea. The twins' view was that Zuckerberg's entrepreneurship was a clear case of misconduct — both in relation to Harvard honesty norms and in relation to their work contract with him. That assessment was contested not just by Zuckerberg, but, regarding the severity of the debated misconduct, also by, for example, the Harvard law professor Lessig. The question of consonance or clashes with organisational norms and rules is thus not entirely separate from that of the surrounding society, but rather a matter of degree. What constitutes the formal organisation could be clear and unambiguous, but in a world more and more characterised by networks and virtual organisations, it is less obvious what constitutes the relevant organisation.

A related issue is that of exit, voice and loyalty (Hirschman, 1970). In a case like the Losec project, the project champion Östholm clearly opted for the use of voice. He did not just accept the top management decision to close down the project, but instead searched for, and found, different means to keep the project he advocated going. This could, as discussed above, be construed as misbehaviour. But say that he instead had accepted the top management decision, and exited from the company to pursue his idea? Had he succeeded in developing Losec outside of the Astra group, this would probably have been viewed as misbehaviour by at least some people within Astra — starting a competing business rather than staying and fighting for the idea. Likewise, the Winklevoss twins clearly saw Zuckerberg's exit from their collaboration as misbehaviour. Not surprisingly, many organisations try hard to restrict the possibilities of employees to exit and start their own competing business. Nevertheless, recent research emphasises that the exiting in order to start a competing firm is an important mechanism for the commercialisation of new knowledge and the creation of new successful firms (Klepper, 2011; Audretsch, 2007; Audretsch & Keilbach, 2005). Therefore, misbehaviour in the form of exit and start-up may be a rich source of misbehaviour with positive outcomes, at least from a societal point of view.

**Conclusion**

In this first attempt to explore entrepreneurship as misbehaviour, this chapter has suggested that entrepreneurship is often in conflict with organisational and societal institutions, such as norms and rules. In fact, we have found that there is an overlap between the definitions of misbehaviour and conceptualisations of entrepreneurship in previous literature. In addition, the chapter has found previous research, distinguishing between desirable and undesirable misbehaviour based on the intentions or the outcomes of behaviour, insufficient in relation to entrepreneurship as misbehaviour. The reason is that for entrepreneurial ventures, the underlying intentions are often good, but the outcomes often not (Lundmark & Westelius, 2009; Aldrich & Auster, 1986: Aldrich, & Ruef, 2006; Shane, 2008); and that making assessments of the outcomes of entrepreneurial ventures *a priori* is notoriously difficult (Lundmark & Westelius, 2009; Aldrich & Auster, 1986: Aldrich & Ruef, 2006).

Assessing misbehaviour based only on organisational level evaluations (Robinson & Bennet, 1995) is likewise insufficient in relation to entrepreneurship. The reason for this is that support for the
venture may be needed also from actors outside of the organisation. Furthermore, what constitutes the organisation is not always clear. Therefore, we argue that it is necessary to broaden the view of what institutions determine whether a venture classifies as misbehaviour when analysing entrepreneurship. Doing so highlights frequent inconsistencies between various institutions’ assessments. Such inconsistencies can put employees in situations where they have to choose which institutions to trespass against. In this regard, exiting the organisation to pursue the venture elsewhere is not a guarantee against being classified as misbehaviour. Considering the emphasis that the entrepreneurship literature puts on the informal nature of many entrepreneurial ventures within existing organisations (Zahra, 1991; Kuratko & Goldsby, 2004) and the lack of research on misbehaviour with positive consequences (Richards, 2008), the overlap between entrepreneurship and misbehaviour seems to be fertile ground for future research.

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