
TOWARDS CONSENSUS: SUGGESTED FOUNDATIONAL BUILDING BLOCKS FOR ARTS ENTREPRENEURSHIP RESEARCH AND PEDAGOGY

Jonathan James Gangi
Pennsylvania State University

Abstract

The continued creation of new arts entrepreneurship programs at the university level highlights the need for consensus among arts entrepreneurship researchers and educators about what we are teaching and researching. This article explores the possibility of consensus among business entrepreneurship scholars and arts entrepreneurship scholars, and suggests that a general conception of entrepreneurship is a unifying principle and foundational building block. A theory of entrepreneurship, effectuation, is presented as another building block for arts entrepreneurship research and education, resulting in potentially profound implications. Finally, a proposed unified vision for the field of arts entrepreneurship education is presented, formulated from existing arts entrepreneurship scholarship.

Keywords: arts entrepreneurship; effectuation

There is a steady increase in the development and implementation of higher education arts and design programs focused on arts entrepreneurship education (Korzen, 2015). The addition of these new programs is an encouraging sign for the field, and demonstrates that decision makers now generally view entrepreneurship training as an important component of arts training. This growth, however, accentuates the need for those of us who research and teach arts entrepreneurship to find consensus about what we are referring to and what is most helpful for our students.

Can arts entrepreneurship faculty truly be effective as pedagogues if, as researchers, no agreement exists regarding what arts entrepreneurship “is” in terms of definitions and theories to inform teaching, and the emergent field of arts entrepreneurship education struggles to articulate a unified vision? To address these concerns, I have two goals in writing this article. The first goal is to demonstrate that at least some business entrepreneurship scholars and some arts entrepreneurship scholars are, in my opinion, actually in agreement at a foundational level. The second goal is to present the work of one business entrepreneurship scholar and make a case for why this work is incredibly important to arts entrepreneurship researchers and pedagogues. I present my contextual frame of arts entrepreneurship, examine currently existing concepts from business entrepreneurship and arts entrepreneurship literature, and add to the discourse by showing how these concepts fit together to form a robust foundation.

Framing Arts Entrepreneurship

The reason I teach arts entrepreneurship and generate research on this topic is to help artists, and non-artists who desire to work in the arts, to create their own opportunities and ventures that result in sustainable careers. I believe entrepreneurial action is valuable to artists if it empowers them to remain artists and generate an income capable of supporting their desired lifestyle. Entrepreneurial action is valuable to non-artists who desire to work in the arts if it empowers them to generate an income capable of supporting their desired lifestyle by starting a business with an arts-related product or service. In particular, my focus is on university students at the undergraduate and graduate levels.

I conceptualize entrepreneurship as creating, communicating, delivering and exchanging forms of value. Arts entrepreneurship involves these same concepts. Some form of value must be created, communicated, delivered, and exchanged for some form of value. This is true for an individual or organization, operating as a for-profit, nonprofit, or hybrid entity. The primary difference between arts entrepreneurship and other kinds of entrepreneurship is the nature of the value created. Arts products, like paintings, songs, and theatrical plays, are comprised of complex, subjective, intrinsic value. Conversely, other products, like door hinges and mechanical gears, are made up of simple, objective, extrinsic value.

No matter the “version” of entrepreneurship, such as arts entrepreneurship, social entrepreneurship, “creative” entrepreneurship, and intrapreneurship, some form of value must be created, communicated, delivered, and exchanged for some kind of value. No matter the scale of venture, such as sole proprietor, micro-enterprise, or large organization, some form of value must be created communicated, delivered, and exchanged for some kind of value. In my opinion, this is the essence, or general principle, of any and all varieties and scales of entrepreneurial ventures and organizations. Something of value must be created, or produced in some tangible form, the value then must be shared with others, some of whom then show interest in the value and will exchange a value of some form to actualize the delivery of the created value.

Unique Motivations and Goals of Arts Entrepreneurs

In my opinion, arts entrepreneurship is different than other kinds of entrepreneurship because of the types of value artistic products provide. Artists have unique goals and motives for becoming entrepreneurs that often set them apart from other types of entrepreneurial people. I believe arts entrepreneurship is distinct from other flavors of entrepreneurship in the following ways.

Many entrepreneurs are interested in creating a new venture, nurturing the venture to a point of viability, and then selling the company in order to maximize profits (Timmons and Spinelli, 2003). Artists, however, typically do not desire to sell their business once it is viable, but rather seek to sustain and enhance their successful venture. Additionally, most arts businesses are micro-ventures, and are unlikely to be of interest to potential buyers because profits are small, according to venture capitalist standards, and artists are often so integral to the business that it would not work without their involvement (Roberts, 2004). Thus, for arts entrepreneurs, exit strategies are the exception, not the norm.

For some entrepreneurs, venture opportunities are pursued based on the potential to generate high profits. Artists value many things, in addition to profit margins, when considering what kind of venture to pursue. Thus, for arts entrepreneurs, measuring success by the amount of wealth created is the exception, not the norm.

Many arts ventures are nonprofit and focus on a social mission, rather than on large growth and financial profits. For many artists, the primary objective is to work within the arts to achieve certain lifestyle aspirations. As such, it is the norm, not the exception, for artists to act entrepreneurially to fulfill an artistic calling or social mission, rather than to produce high pecuniary reward. Thus micro-ventures, such as free-lance portfolio careers, sole proprietorships, and for-profit and nonprofit arts organizations with 5 or fewer employees are the norm, not the exception (Chang, 2010).

Some entrepreneurs build ventures based on products that are comprised of extrinsic, objective value. For example, a mechanical gear is a product that has a single dimension of value and can be evaluated according to industry standards. A gear is only a high quality gear if it fulfills its purpose. Artistic products provide value in a multiplicity of ways because of their intrinsic, subjective nature and impact upon humanity. Arts entrepreneurs, however, could also build ventures based on products and services comprised of extrinsic, objective value. Thus, arts entrepreneurs can utilize a variety of products that offer a variety of forms of value.

New ideas for arts ventures are not judged as “good” based upon the potential for high growth, or scalability. Rather, ideas for arts ventures are based upon viability and fit with an artist’s goals and motives, rather than growth potential. Thus, arts ventures with potential for scalability and high-growth are the exception, not the norm.

Arts products are valued subjectively, and often do not resonate with large, horizontal markets, but are consumed by smaller, vertical markets. These micro arts ventures support lifestyle arts entrepreneurs who sell to small markets. Micro- arts businesses are not attractive to venture capitalists looking to quickly turn a large profit from an investment. Additionally, many lenders are unlikely to approve loans for businesses with low profit margins and a low probability of repayment. Thus, for arts ventures, the involvement of investors and venture debt would be the exception, not the norm.

In my opinion, this is actually a positive aspect of arts entrepreneurship. For arts entrepreneurs in certain contexts and situations, it may be freeing to avoid debt and investors, since profits can be used to grow the business and provide a livelihood rather than flow directly back to banks and venture capitalists. It is the norm, however, for artists to finance their venture through bootstrapping and shrewd frugality.

This listing of the uniqueness of arts entrepreneurs is not meant to be exhaustive, but rather a starting point. It would be very helpful if, as we all continue to research, teach, and learn, this list expands and solidifies. The point of presenting this initial list is to solicit more of my colleagues to pursue this line of research so that, collectively, we can expand our understanding of the unique goals, motivations, and actions of arts entrepreneurs.

Arts Entrepreneurship Scholarship: Towards Consensus

As I read existing arts entrepreneurship scholarship, I see many concepts that, although not yet formally connected, when combined yield interesting results. In this section I analyze a representative sample of these articles, and the thesis of each work. Using the concepts as data, I add to the discourse by combining key concepts to form the foundation of a proposed unified vision for arts entrepreneurship research and pedagogy.

I chose these scholarship samples because they attempt to form definitions or theories for arts entrepreneurship, and are presented here in no particular order:

- Arts entrepreneurship is a management process through which cultural workers seek to support their creativity and autonomy, advance their capacity for adaptability, and create artistic as well as economic and social value. The purpose of this management process involves an ongoing set of innovative choices and risks intended to recombine resources and pursue new opportunities in order to produce artistic, economic, and social value (Chang and Wyszomirski, 2015, p. 25).

- I believe that arts students who engage in entrepreneurship education must understand how to create value in society with their art...Arts Entrepreneurship Education provides tools to facilitate multifaceted and self-determined success modalities for emerging artists or those providing tools to artists...(Beckman, 2011, p. 181; Beckman, 2014, p. 12).
- The theory that emerges...is a simple one: artists form firms or otherwise undertake entrepreneurial action toward the end of creating art sustainably and they do so by discovering or creating new connections between their means and that desirable end...arts entrepreneurship in the US arts and culture sector is a process of discovery and creation rather than management (Essig, 2015, p. 227, p. 241).
- [A]rtists can be viewed as operating essentially identically to entrepreneurs, by creating value that satisfies human need. Entrepreneurial action is essential for artists to be fiscally solvent, and they use it in service to art, with profits aimed at continuing their operation and existence as artists. Consequently, artists practice entrepreneurship as a means to the end goal of creating art ... artistic and entrepreneurial action are synergetic; thus, entrepreneurial action can be viewed as essential to and benefiting, not hindering, artists in their pursuit of creating value in society (Gangi, 2015, p. 251-252).
- Arts Entrepreneurship refers to the process of overcoming challenges and historical barriers to the production, distribution, exhibition and preservation of art. Because there are common challenges and historical barriers to the production, distribution, exhibition and preservation of art, artistic, administrative and technical creative workers engage in a process of innovation and new venture creation across the arts and creative sector... By offering students an education associated with the phenomenon of arts entrepreneurship, students will become more prepared to overcome common challenges and historical barriers to the production, distribution, exhibition and preservation of art across the arts and creative sector (White, 2015, p. 14-16).
- An arts and cultural entrepreneurship program should help train artists and cultural managers to promote the fruits of their creative impulses, to cultivate partners and networks, and to adapt their innovative skills and habits of mind to the business side... The overall purpose of arts and cultural entrepreneurship is to enable cultural workers to achieve greater self-sufficiency and autonomy by cultivating their capacity for adaptability and sustainability and to produce not only economic value through their artworks but also cultural, social and/or community value (Wyszomirski and Goldberg-Miller, 2016, p. 81-82).

One glaringly apparent contradiction evident in these scholarship samples is that Chang and Wyszomirski assert that arts entrepreneurship is a management process and Essig states that it is not a management process. Chang and Wyszomirski's article summarizes extant scholarship at that point in time, and much of that scholarship was written from a management context and frame, thus Chang and Wyszomirski's conclusion. It can be seen, however, from Wyszomirski and Goldberg-Miller, that Wyszomirski believes arts entrepreneurship involves creating and exchanging many forms of value. This is a great example of approximate consensus. Even within apparent disagreement about one topic, there is certainly general agreement around the principle of creating and exchanging forms of value.

I have categorized the thesis of each sample into themes based upon my open-ended interpretation of the excerpts. By combining these themes in a thoughtful way, I have identified a set of core concepts. The result of my analysis reveals that general consensus seems to exist among some arts entrepreneurship scholars.

For example, Essig (2015) posits a theory that artists engage in entrepreneurial action with the end goal of creating art sustainably. Chang and Wyszomirski (2015) echo this idea by emphasizing that arts entrepreneurship can help artists to become autonomous. Gangi (2015) notes that artists can use entrepreneurial action to generate profits that can be used to sustain artistic careers. White (2015) mentions that arts entrepreneurship can help arts students overcome common challenges, which certainly includes financial stability and sustainability within an arts career. Beckman (2011, 2014), and Wyszomirski and Goldberg-Miller (2016), highlight the fact that entrepreneurship education and entrepreneurial action for artists can lead to self-determined success, greater self-sufficiency and autonomy, and career sustainability. Additionally, Beckman (2011), Chang and Wyszomirski (2015), and Wyszomirski and Goldberg-Miller (2016), posit that the purpose of arts entrepreneurship education and implementation is to produce artistic, economic, social, cultural, and community value. The economic value mentioned certainly refers to the income arts entrepreneurs use to create a sustainable career.

After analyzing these scholarship samples using this same process for each theme and line of thought, I was able to construct an initial rendering of this general consensus among some arts entrepreneurship scholars, as follows. Based upon the concepts and ideas of leading researchers, pedagogues, and those influential in the development and leadership of the Society for Arts Entrepreneurship Education, for the emergent field of arts entrepreneurship education, it seems that: a primary *purpose* is teaching students to create a sustainable arts career; a primary *goal* is for students to create and exchange many forms of value (aesthetic, artistic, economic, social, or other), and to think entrepreneurially and innovatively in support of a sustainable arts career; the *recipients* are often students who produce artistic products or are non-artists working to support and facilitate the production and consumption of the arts; a shared *context* is students within higher education arts and design programs who will operate in the U.S. arts, creative, and cultural sectors; and a common *rationale* for why artists should engage in entrepreneurial action is that they should use it as a means to the end goal of creating a sustainable career in the arts, which may at times require overcoming challenges and barriers. Based upon the scholarship sampled, two elements that seem to be missing are an international context and how we teach our students to do all of these things. In the remainder of this article I attempt to demonstrate how entrepreneurs do entrepreneurship, based upon business entrepreneurship scholarship.

Business Entrepreneurship Scholarship: Harmonizing Approximate Consensus

In the previous section, I demonstrated that approximate agreement exists among some arts entrepreneurship scholars. Next, I explore the possibility of general consensus among business entrepreneurship scholars. Based upon my own observations while reading this literature, and a synthesis of this literature by an eminent scholar, I demonstrate that at least an approximate consensus exists.

When reading many scholarly works from the business entrepreneurship literature, I have observed a general principle, or essence, of entrepreneurship. To summarize and paraphrase, this

entrepreneurial essence typically involves the concept that, fundamentally, successful entrepreneurs create, communicate, and deliver value to be consumed by individuals, groups, or organizations (i.e. markets) that exchange some form of value with the value creator (see Mishra & Zachary, 2014). In some instances, one individual can accomplish this entire process; in other instances, an entrepreneur needs to create a community of partners and stakeholders to assist in closing the loop between creating and capturing value.

Within extant business school literature, some points of entrepreneurial theory disagreement revolve around questions of whether or not opportunities and markets exist in a fixed system or are created, and whether or not entrepreneurs predict the future or utilize non-predictive control (Sarasvathy, 2008). Points of agreement, as I interpret the literature, seem to converge around what entrepreneurs do: they focus on creating, communicating, delivering and capturing value. Thus, at its essence, entrepreneurship involves creating value and facilitating a value exchange with those who, via some form of communication, come to value the product or service and confirm this fact through reciprocating some form of value.

William Gartner, a leading business entrepreneurship scholar and editorial board member of *Artivate*, provides clarity and direction by stating that, in the business entrepreneurship field, although no definitional consensus exists, “the discussion of entrepreneurship is likely to include [certain] words rather than others...[such as] entrepreneur, owner-manager, innovation, organization creation, uniqueness, value, and growth” (Gartner, 2015, p. 4). His synthesis is a clear starting point, and eliminates the idea that we need to “rebuild the wheel” by starting from a point of nothingness. Gartner shows us a foundation to build upon: the fundamental essence of entrepreneurship.

For example, the concepts of value and exchange are clearly evident in a question Gartner poses to arts entrepreneurship scholars, and pedagogues. He asks, “How do artists organize themselves, both in terms of how they generate art, and, in how what is produced, as art, is valued and exchanged?” (Gartner, 2015, p. 5). Clearly, Gartner’s question highlights the importance of creating and exchanging value, and demonstrates a harmonious matching of concepts from business entrepreneurship scholarship and arts entrepreneurship scholarship.

My synthesis of the words used by arts entrepreneurship scholars, presented previously, closely aligns with Gartner’s synthesis of the words used more often than others when business scholars discuss entrepreneurship: entrepreneur, owner-manager, innovation, organization creation, uniqueness, value, and growth (Gartner, 2015, p. 4). An incomplete listing of words drawn from the arts entrepreneurship scholarship samples could be distilled as, in no particular order: creation, value, entrepreneur, artist, owner-manager, innovation, organization creation, autonomy, and sustainability. Thus, it seems to me that business entrepreneurship scholarship and arts entrepreneurship scholarship harmonize in such a way that we have general, approximate consensus to build upon by eschewing definitions and working with theories and concepts.

But how do we teach arts entrepreneurship students and other artists to act entrepreneurially, or do entrepreneurship? A definitive answer to this question is missing from the summaries of arts entrepreneurship scholarship presented previously. How do expert entrepreneurs think, and do they utilize a common logic and method? If so, is it learnable? Another leading business entrepreneurship scholar, Saras Sarasvathy, bases her work on these questions and has produced profound results.

Effectuation: A Logic and Method of Entrepreneurial Expertise

Recent business entrepreneurship scholarship underscores a dichotomy forming between traditional entrepreneurial theories based on economic ideologies and emerging theories based on a cognitive science approach to decision making under uncertainty, among others (Fisher, 2012). As a result, the field of entrepreneurship seems to have two formalized approaches to entrepreneurial theory: one focused on predicting a risky future and the other dealing with controlling an uncertain future. I point this out as a reminder that substantive, empirically validated entrepreneurial theory exists, and I present Sarasvathy's theory of effectuation as another possible building block for our sub-field to adopt and customize.

Effectual Belief

Saras Sarasvathy's research empirically demonstrates that expert entrepreneurs use a common logic to approach entrepreneurial problems (Sarasvathy, 2001a). In doing so, she provides a validated explanatory theory of entrepreneurship, called effectuation, showing that effectual logic is how expert entrepreneurs think (Sarasvathy, 2001b). Effectual theory highlights the fact that entrepreneurs operate in an environment of uncertainty, and within this context they create new products, services, organizations, and markets. To do so requires entrepreneurs to deal with an unknown and unknowable future (Sarasvathy, 2008).

The profound philosophical foundation of effectual theory is the belief that, unlike positivist perspectives on social sciences, opportunities are not found nor fixed within a static social structure, or according to natural laws like the natural sciences, but rather created through human interactions that change their environments (Sarasvathy, 2008). So, rather than believing that one is constrained by a fixed system, effectual thinkers believe the future is open, not predetermined, and that opportunities are sometimes found but are more likely to be created by human behavior and action within social structures, resulting in the creation of new contexts, structures, and environments. Effectual thinkers believe that prediction is fallible, since bounded cognition limits the human intellect, that the future can be controlled, and, therefore, does not need to be predicted (Sarasvathy, 2008).

The Entrepreneurial Problem Space

Sarasvathy points out that business people face three types of problems when making future business decisions (Sarasvathy, 2001a, 2001b, 2008). When the future is predictable and all variables are known (few situations are), business decisions can be made based on predictions developed by drawing upon data from past events (Read, Sarasvathy, Dew, Wiltbank, & Ohlsson, 2011). When the future is risky and only some variables are known (most management situations), business decisions can be made by estimating likely scenarios based on historical trends and known and unknown variables (Read et al., 2011).

The types of problems that entrepreneurs face are problems of uncertainty, not of prediction or risk (Read et al., 2011). Entrepreneurs, unlike managers, deal with a future that is unknown and unknowable due to the lack of historical data and the absence of any known variables when creating new artifacts (i.e. products, organizations, markets). In such cases, uncertainty cannot be modeled or predicted.

Sarasvathy's research empirically demonstrates that business novices prefer to use prediction in making future business decisions, as do expert managers. Expert entrepreneurs, however, prefer and use effectual logic rather than attempting to make decisions by predicting the unknown and unknowable future (Read et al., 2011; Sarasvathy, 2008). Effectual logic is a pattern of decision-making that seeks to control an unpredictable future (Sarasvathy, 2008).

Causal Verses Effectual Logic

Sarasvathy explains how effectual logic differs from predictive, or causal logic, through analogies to jigsaw puzzles and patchwork quilts. Causal logic is similar to the logic used to complete a jigsaw puzzle. This is because causal problems are problems of decision, causal logic helps us choose, and causal strategies are useful when the future is predictable, goals are clear and our actions cannot manipulate our environment. The causal actor asks: "What should I do to achieve a particular effect" (Sarasvathy, 2008, p. 73)?

When completing a jigsaw puzzle, the picture on the box shows exactly what the future looks like and outlines a very clear goal. The problem of putting the puzzle together involves making decisions about which pieces to choose. Ultimately, assembling the pieces will only form the pre-determined result because the environment of the puzzle, its borders and interior, cannot be manipulated.

Effectuation is similar to creating a patchwork quilt. Effectual problems are problems of design, effectual logic helps us construct, and effectual strategies are useful when the future is unpredictable, goals are unclear and the environment is shaped by human action. The effectual actor asks: "What can I do with these means, and what else can I do with them" (Sarasvathy, 2008, p.73)?

Creating a patchwork quilt is a design problem because no pattern exists initially, and the patches can be arranged according to the designer's preferences. Making a patchwork quilt requires creating something unpredictable, at first, by starting with very undefined goals, and assembling the patches based on creative construction. Unlike the environment of a jigsaw puzzle that cannot be changed by the assembler, the environment of the quilt is shaped by human action.

Causal reasoning may or may not be creative; however, effectual reasoning is inherently creative (Sarasvathy, 2001b, p. 3). Sarasvathy also likens causal reasoning to cooking a meal by strictly adhering to a recipe, and effectual reasoning to cooking a meal using whatever is on hand, and not knowing exactly what will result (Sarasvathy 2001b, 2008). She states that effectuation articulates a dynamic and iterative process of creating new artifacts in the world, such as ideas, products, companies, organizations, and markets (Sarasvathy, 2008).

Solution Principles and an Entrepreneurial Method

Sarasvathy developed the elements of entrepreneurial expertise by asking expert entrepreneurs to think aloud as they engaged with a simulated entrepreneurial problem and venture concept. By having the expert entrepreneurs think out loud as they dealt with a new problem, rather than recalling how they achieved entrepreneurial success in the past, Sarasvathy was able to avoid recall bias and peer into the cognitions of experts in real time (Sarasvathy, 2001a, 200b, 2008). The principles of effectual entrepreneurship are the results of this study, and her empirical work provides a validated normative theory of entrepreneurial expertise, showing

how expert entrepreneurs do entrepreneurship (Sarasvathy, 2001a). The following is Sarasvathy's description of the principles, as they are described on her website, <http://www.effectuation.org>.

- The first principle is the bird-in-hand (means) principle. When expert entrepreneurs set out to build a new venture, they start with their means: who I am, what I know, and whom I know. Then, the entrepreneurs imagine possibilities that originate from their means.
- Principle number two is the affordable loss principle. Expert entrepreneurs limit risk by understanding what they can afford to lose at each step, instead of seeking large all-or-nothing opportunities. They choose goals and actions where there is upside even if the downside ends up happening.
- The third principle is the lemonade (leverage contingencies) principle. Expert entrepreneurs invite the surprise factor. Instead of making "what-if" scenarios to deal with worst-case scenarios, experts interpret "bad" news and surprises as potential clues to create new markets.
- Principle number four is the crazy quilt (partnerships) principle. Expert entrepreneurs build partnerships with self-selecting stakeholders. By obtaining pre-commitments from these key partners early on in the venture, experts reduce uncertainty and co-create the new market with its interested participants.
- The last principle is the pilot-in-the-plane (control vs. predict) principle. By focusing on activities within their control, expert entrepreneurs know their actions will result in the desired outcomes. An effectual worldview is rooted in the belief that the future is neither found nor predicted, but rather made.

Sarasvathy states that the effectual cycle, or method, begins with an individual taking stock of who they are, what they know, and whom they know (Sarasvathy, 2011). These are the means available to the entrepreneur initially. From the composite of existing means one can form goals, always setting an affordable loss, or risking only what one can afford to lose.

The next step is to interact with people and find others willing to self-select into, and co-create, the venture. These new stakeholders bring new means to the venture, which can provide new possibilities and, if desired, new and modified goals. As the process continues, the entrepreneur and self-selected stakeholders welcome surprise because they know they can leverage contingencies into new opportunities. Once the means of all committed stakeholders converge into well-defined goals, while keeping losses affordable and remaining open to surprises, new products, services, organizations and markets are created (Sarasvathy, 2008).

The causal, or predictive, approach is quite different. Often the causal method begins by searching the market for an existing need, and then developing a product or service to satisfy the need. A goal would then be formed, based on the probability of high profit margins, followed by assembling means and stakeholders to unwaveringly pursue the predetermined goal. Predictive measures come into play in order to account for and avoid any and all surprises.

Causal logic and its method strive to predict the future, and operate under the assumption that economies and markets are fixed systems. This approach is typical of the business school pedagogy that guides students to look for, recognize, or find an observable and measurable need or opportunity, conduct market research to prove the need and analyze competitors, create a

solution to the need that maintains a competitive advantage, match the product to the correct market segment, target the sub-segments, position the product correctly, convince investors that the predictions are accurate, raise the capital to actualize all the predictions, and finally, launch the company. This is a ready, aim, fire approach. In contrast, effectual logic and its method is a ready, fire, aim approach (Sarasvathy, 2001b, 2008).

The effectual approach is not intended to replace the causal approach, however. Sarasvathy found that expert entrepreneurs use effectual logic and its method more than causal reasoning when starting from nothing (Sarasvathy, 2001a, 2001b, 2008). Since entrepreneurship is about innovation and creating new forms of value, this means that uncertainty is inextricably linked to the entrepreneurial problem space. According to Sarasvathy's findings, causal logic and its method may not work well for creating new products, organizations, and markets because it is based on prediction and risk calculation, and both are impossible when dealing with uncertain environments and the unknown and unknowable future.

Effectual logic and its method works well when making decisions under uncertainty (Sarasvathy 2011). Again, according to Sarasvathy, once new ventures develop to the point where historical data and at least some known variables exist, causal logic and predictive measures are useful. The choice of whether to use the effectual principles and method of non-predictive control, or the causal approach of predicting a risky future, is based upon the amount of uncertainty surrounding an entrepreneurial venture. Early stages of venture creation necessitate effectual logic, and more mature venture stages can benefit from causal logic. Large, established businesses, however, can also benefit from effectual logic whenever they enter an uncertain problem space of a new product launch, or other aspects of novelty and innovation.

Effectuation and Artists: Observations and Applications

Based upon my experience as an artist, entrepreneur, and arts entrepreneurship teacher, I have found that the effectual approach to entrepreneurship resonates with some artists, including myself, better than the causal one, due to the fact that effectual logic is inherently creative. There are, however, other ways that the principles of effectuation align with artistic sensibilities. Effectuation is, in my opinion and experience, appealing to artists and shows them how entrepreneurship can support, and not alter, their professional desires.

The principle of starting with your means to begin the entrepreneurial journey demonstrates that artists can be entrepreneurial without changing their passions and interests. For some artists who may be under the impression that becoming an entrepreneur would require them to become something different from who they are, this principle confirms that they can indeed utilize their artistic skills and knowledge in an entrepreneurial way. As artists, who we are and what we know greatly impacts our art (our core product), and this effectual principle indicates that entrepreneurial action can align with and support artistic passion.

Effectuation focuses on forming partnerships more so than viewing others as competition. As artists, we greatly value collaboration, and this effectual principle highlights the value of partnership and co-creation. The principle of setting an affordable loss is compatible with bootstrapping, or doing much with little; something artists willingly and often do to achieve artistic success.

Effectuation places great importance on iteration since ventures, as humanly designed artifacts, like artistic products, are realized through continuous refinement. Effectuation is action-

oriented, rather than relying on prediction to account for and avoid all possible contingencies, and emphasizes real world testing, application, and learning to validate business assumptions. Note that I am not suggesting effectuation is the only theory and method that involves iteration; design thinking, divergent thinking, and creativity in general involve iteration. Artists are accustomed to, and I think prefer, real world testing and application through consistent practice.

Artists are habituated to using the technique of bricolage, or making do with the resources on hand. This approach to resource utilization and allocation is different than effectuation because bricolage does not involve seeking new resources (Fisher, 2012). Effectuation, however, begins with means, or resources on hand, and then looks to form partnerships with other self-selecting stakeholders who bring new means and resources to the venture. Effectuation may be more adaptive and allow for more potential outcomes because of the pursuit of new resources, while bricolage involves using initially available resources (Baker & Nelson, 2005; Fisher, 2012).

The effectual method challenges the level of importance that the causal method typically places on the business plan. Business plans are primarily used to get financing from various sources, such as investors, lenders, and competitions. Investors, lenders, and competition judges typically decide that a business is “good” based upon the potential for scalability and high profits. All of this “good potential” is determined by the quality of prediction and forecasting evident in the business plan, based on causal logic. Unpredictable circumstances, challenges, and situations, however, often require plans to change when implemented in the real world. The difficulty of predicting the unknown and unknowable future demonstrates the limitations of the causal approach to entrepreneurship. Effectuation gives us empirical proof that much planning without testing and iteration is not how expert entrepreneurs operate (Sarasvathy and Dew, 2005). This does not mean that business plans are useless, however, they can be approached less rigidly, depending upon how they are to be used (Read et al., 2011). Perhaps it would be helpful for arts entrepreneurship educators to create business plan templates that reflect effectual principles and are customized for artists.

For example, some artists may begin the entrepreneurial process by creating products comprised of subjective value, based on their unique aesthetic vision. They then look for customers who would value these new products. The causal approach in a business plan of proving and clearly defining the need for a product, in this case artistic work, may be ineffective because of the subjective nature of artistic products. Arts students may feel frustrated and discouraged by this, since the implication seems to be that if the need for the product can't be proved before hand, then it must be a product that customers do not want. Effectual logic solves this problem by encouraging artists to begin with their means: who they are, what they know, and whom they know. The next step is to interact with potential customers and solicit responses. It is only after audiences are exchanging forms of value for artistic products that arts entrepreneurs can accurately describe their target markets, consumer demographics, and why customers value their products.

There is value in creating a general business plan, as the discipline of committing ideas to paper is often very helpful for students to articulate their venture concepts, think through the components of their business model, and set goals, timelines, and action steps. Nothing can inform our students better, however, than what is gleaned from applied learning. The effectual principle of setting an affordable loss can empower students to take action and adapt as they test

their business plan and business model assumptions. By knowing that the worst-case scenario is not something to fear, because it is affordable, risk is mitigated and surprises are welcomed as another opportunity to innovate. We need business planning tools and pedagogical concepts that allow for adaptability and encourage action to validate assumptions, and the effectual method can guide the creation of such customized tools.

Effectuation in Action: A Hypothetical Example

Lets suppose that I wanted to start an entrepreneurial arts venture. How do I begin? If I follow Sarasvathy's method, I would proceed in the following manner using the principles of effectuation.

First Principle: Start With Your Means

To begin, I would take an inventory of my means. I need to assess who I am: my traits, tastes, and abilities; what I know: my education, training, expertise, and experience; and whom I know: my social and professional networks. Who I am and what I know includes the fact that I am a classically trained guitarist and can perform and teach other styles as well, such as jazz, flamenco, rock and blues.

In other words, I am an artist and I have expertise in performing and teaching guitar in a variety of styles. I know many guitarists throughout the country who work in a variety of capacities, including developing their own guitar studios or schools. I also have social networks through churches, schools, and local community organizations, and friends. Once I have an inventory of means assembled, I can then imagine possibilities and take action. An obvious venture idea that emerges from my means is to build a for-profit guitar-teaching studio and develop it into a for-profit guitar school. This is the initial goal, however, I need to keep my mind open to other possible outcomes as I proceed to start the venture.

Second Principle: Set Affordable Loss

Rather than calculating how much money I will initially need and then attempt to raise the capital to launch, I will set an amount that I feel I can afford to lose. Lets assume I have \$500 dollars that I can use to get the venture going, and I determine that I am willing to lose the \$500 even if I fail to recruit any guitar students after spending the money. This is how I set an affordable loss and fail safely. I can also make the decision to start this venture based on the low cost of failure rather than the potential to turn a large profit. Because I can fail cheaply, I can try other ventures if the first iteration fails.

Third Principle: Leverage Contingencies

This principle calls for me to figure out how I can turn the unexpected into something successful and take advantage of the surprise factor. So let us assume I begin to implement my guitar-teaching venture. My initial plan is to teach lessons from my home studio, but as I move forward with the idea I realize that the location of my home prevents many potential students from taking lessons. Since I live in rural setting, parents of potential students don't want the additional hour of round-trip driving time added to their already very busy schedules.

One way I could leverage this contingency is to utilize my social network. Since I am a member of a local church, I have many good relationships with people in that organization. One

person I know at the church is an administrator at a local high school, which is located near the center of the city, rather than in a rural area, and the driving time for parents would be dramatically reduced if I could teach at the school.

Fourth Principle: Form Partnerships

By using my connection and forming a partnership, the high school administrator allows me to teach guitar at the school in the late afternoons and early evenings for a very reasonable rental price. This approach allows me to deal with the unexpected problem of too long of a drive time and keeps my rental costs at an affordable level. Teaching at the school also helps with marketing and keeps marketing costs low.

Control vs. Predict

In this scenario, I am able to control the future by setting affordable losses, which allows me to adapt to and deal with surprises. As I form partnerships, the goals of the venture can sometimes shift. For example, let us suppose the high school administrator has been attempting to remedy the problem of having to cut arts and music programming due to lack of funding for the school. As a result of my teaching guitar at the high school, many students from that school end up taking guitar with me, and many of the school administrators realize the positive impact these lessons have on the students. They ask me to start a guitar program for the school, but say they can't pay me. I consider their offer, and then remember that a professional colleague of mine has started a nonprofit organization that provides guitar educational programs, such as group guitar classes and guitar orchestra, to public schools in a different state. I reach out to this colleague and learn about how this process works, and then replicate a version of it in my home state. This leads to establishing a nonprofit that serves not only the initial high school, but also many schools throughout the city, county, and state. As the program grows, I have the need and the funding through grants, donors, and corporate sponsorship to hire additional guitar instructors.

This hypothetical example shows how the principles of effectuation can enable an arts entrepreneur to utilize their artistic expertise, fail affordably, deal with surprises, and form partnerships that can lead to unexpected results. This is accomplished by focusing on things that can be controlled, doing the doable, and adapting to opportunities rather than predicting the future and remaining rigid with venture goals. Many other opportunities could also arise out this hypothetical scenario, and the effectual method would empower me to be able to respond to the unknowable future.

Conclusion and Implications for Arts Entrepreneurship Research and Pedagogy

There seems to be general agreement within the business entrepreneurship literature, not about definitions, but about a general principle, or essence, of entrepreneurship. Many scholars agree that the act of doing entrepreneurship involves creating and exchanging forms of value. These concepts are also evident within arts entrepreneurship scholarship.

The approximate consensus among scholars about the importance of creating and exchanging forms of value is a possible foundational building block for arts entrepreneurship research and pedagogy. Another potential building block is the theory of effectuation, a logic and method of entrepreneurial expertise. Through Sarasvathy's work, we have a theory of how

entrepreneurs do entrepreneurship, and we have empirically validated explanatory and normative theories of entrepreneurship to build upon.

My hope is that my colleagues will be motivated to pursue the many lines of possible research interwoven throughout this article. The first is the notion of creating and exchanging forms of value. As Gartner (2015) suggests, scholars could investigate the creation and exchange of value in an arts context.

The second research opportunity would be to examine the actions of arts entrepreneurs to determine if they operate in a manner similar to that of Sarasvathy's theory and method of effectuation. Perhaps effectual theory could be elaborated upon by conducting qualitative research into the methods of arts entrepreneurs. I don't claim that effectuation is perfect or complete necessarily, but that it is a solid, empirically valid theory that arts entrepreneurship scholars could use and build upon. The field needs specific empirical studies that interview successful arts entrepreneurs to learn what makes them successful. Perhaps the theories that develop from such work will match effectuation, or be completely different.

Another line of research could study the unique forms of value that artistic products provide and how contemporary consumers respond to such value. Although much scholarship in this area already exists, arts entrepreneurship scholars could provide a unique contribution by designing pedagogical tools that help our students understand and control the power that artistic and aesthetic products provide. After all, the subjective nature of artistic and aesthetic products is part of what makes arts entrepreneurs unique.

The field also needs more research into the distinctions between arts entrepreneurship and arts management. I believe Sarasvathy's work is very effective in showing how the problem space of entrepreneurs is different from that of managers. Perhaps we are moving towards a concept of entrepreneurial management in the arts? If so, what does that mean?

Implications for pedagogy and practice are profound. If the field can't define entrepreneurship and arts entrepreneurship, we must be able to discuss what it involves. I believe the essence of entrepreneurship, as previously discussed, provides a simple and profound summary description of what we are teaching our students to do as arts entrepreneurs. Add to this the logic and method of effectuation, and we may have a very effective pedagogical approach for teaching students how to do entrepreneurship. Our students become practitioners almost immediately, since entrepreneurship is about doing. As arts entrepreneurship educators, we need pedagogical tools that will profoundly impact the next generation of practitioners. Perhaps the essence of entrepreneurship and Sarasvathy's effectual method are two building blocks useful in forming a solid pedagogical foundation.

Finally, the field needs to articulate a unified vision. I am not suggesting a narrow vision that limits or stunts inquiry moving forward, but a vision that allows for at least foundational consistency within pedagogy and research. In this article I have presented a broad, initial vision for the field by highlighting the approximate agreement I see among business entrepreneurship scholars and arts entrepreneurship scholars.

Certainly there are other viewpoints about the field's purpose, and other dimensions missing from this initial vision. How can we, as arts entrepreneurship researchers and pedagogues, continue into the future without a respectful and constructive scholarly discourse about these important issues and topics? How will we help other administrators and faculty build new arts entrepreneurship programs and initiatives if those of us leading existing programs

lack foundational agreement about our work? I hope that this article will move us collectively towards consensus by spurring dialogue and encouraging all of us to build upon these suggested foundational concepts and theories.

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