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Study on Role of Deviance Behaviour & Its Impact on Entrepreneurship

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ABSTRACT

Purpose - The purpose of this study is to explore relationship between entrepreneurship and deviant behavior.

Design - Conceptual development using cases as illustrative examples.

Findings- Clearly, deviant and unethical behavior issues are of surprising situation to companies, which need to find a way to determine m, on equivalent time as encouraging ethical culture. Feels that furthermore research is required using more qualitative and definitive estimations to research extra about one's practices.

Value- This study finds that there is an overlap between way deviant behavior is defined and way entrepreneurship is conceptualized in literature. It also finds that previous research, distinguishing between desirable and undesirable deviant behavior based on intentions or outcomes of behavior, insufficient in relation to entrepreneurship as deviant behavior. Reason is that for entrepreneurial ventures, underlying intentions are often good, but outcomes often not; and that making assessments of outcomes of entrepreneurial ventures a prior is notoriously difficult. Assessing deviant behavior based only on organizational level evaluations is likewise insufficient in relation to entrepreneurship.

Research limitations - The cases used to illustrate overlap between entrepreneurship and deviant behavior are conspicuous and not necessarily representative of entrepreneurship and deviant behavior in general.

Originality - This is an attempt at merging deviant behavior and entrepreneurship literature, which highlights an important niche with a great promise for future research.

Keywords — *Entrepreneurship, deviant behavior, Deviance, Norm and Institution.*

INTRODUCTION

Although deviant behavior is risky, it can also have positive consequences for organization, its members, or both. Research on positive consequences of deviant behavior is a neglected area of literature and requires further research. In order to develop previous conceptualizations of deviant behavior, this study draws on emerging strand of research that focuses on dark side of entrepreneurship and limited work that emphasizes positive aspects of deviant behavior as deviance and

rule-breaking. In doing so, it explores links between entrepreneurship and deviant behavior theoretically and empirically.

We suggest that it is necessary to broaden view of which institutions determine whether a venture classifies as deviant behavior, when analyzing entrepreneurship. Reason for this is that support for venture may be needed also from actors outside of organization, and what constitutes relevant organization is not always clear. Therefore, we develop a framework for assessing entrepreneurship as deviant behavior based on reviewed literature. This framework captures potential inconsistencies in institutional frameworks by which behavior is assessed. In addition to se

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conceptual developments, study discusses links between entrepreneurship and deviant behavior 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 study'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. Perhaps archetypal description of entrepreneurship is a process where someone starts a firm, combining means of production and labor; process or output is novel.

More recent research has re-framed scope of entrepreneurship. In their seminal paper, Shane and Venkataraman defines 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"²³. They acknowledge that entrepreneurship occurs for reasons other than for profit, but limit their discussion to for-profit situation and to capitalist paradigm. In order to provide a more general definition of entrepreneurial opportunities, Davidson and Wiklund's discussion is helpful. In their view, entrepreneurship is about "emergence of new economic activity"⁹. They highlighted that entrepreneurship takes place not only in new organizations, but also in existing organizations and in cooperation of less formal. Therefore, what separates entrepreneurial opportunities from opportunities in general, is that they are associated with emergence of new economic activity. Although Shane and Venkataraman's discourse²³ is framed in a capitalist paradigm and assumes legality, there is nothing, in principle, that prevents phenomena of opportunity recognition and exploitation from taking place in either settings.

Although most people have norms that roughly correspond to legal framework, in some respects norms, beliefs, and values of large groups in society deviate from laws and regulations. For example, using undocumented labor and sharing copyrighted files over Internet are examples of activities that are illegal (in most countries), but nevertheless deemed legitimate by large parts of population. Consequently, some entrepreneurial opportunities may exist and may be pursued in what Webb et al.²⁶ refer to as informal

economy. Informal economy is part of economy that is illegal but considered legitimate by a large portion of population. Renegade entrepreneurs operate outside of both formal and informal institutions. Although Webb et al.²⁶ do not give a name to type of economy that is legal but considered illegitimate by large parts of 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 population. We term this category offensive entrepreneurship. Separation between formal and informal types of entrepreneurship is likewise found within corporate entrepreneurship literature²⁷. Corporate entrepreneurship denotes entrepreneurial processes within already established firms²⁴. Within this literature it is emphasized that entrepreneurial initiatives often originate from bottom-up processes^{6,7,16}. At times these bottom-up ventures are informal, that is, they are not sanctioned formally by organization²⁷.

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 institutions²⁶. In addition, strategies employed by entrepreneurs to respond to institutional pressures may influence very institutional framework in which they find themselves and their organizations²⁰. Thus, some scholars use term institutional entrepreneurship in reference to entrepreneurial actions that reshape our institutional frameworks^{1, 2}. Conspicuous firms like Ford, IKEA, and McDonalds have reshaped not only peoples' habits but also their view of reality¹². However, these processes are not predictable. As humans are myopic to impact of their ventures in market place¹⁹, they are even more so with regards to their impact on institutions^{1, 2}. 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 outcome of their actions, entrepreneurs start ventures, which inevitably involve uncertainty¹⁵ and great variance in outcomes²³. 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 or times redirect entrepreneurial effort⁵ and sometimes lead to emergence of new institutions such as norms, rules, and laws.

Table-1. Typology of Entrepreneurship Based on

	Legality	
	Legal	Illegal
Legitimacy		
Legitimate	Formal entrepreneurship	Informal entrepreneurship
Illegitimate	Offensive entrepreneurship	Renegade Entrepreneurship

Institutional Trespassing

Deviant Behavior and Institutional Frameworks

This general framework (summarized in Table 2) allows for different types of deviant behavior depending on which institutions are trespassed against. Separating kind of institutions people can trespass against also removes blind spot created by a monolithic view of institutions. For example, where as Robinson and Bennett have argued that dumping toxic waste in a river should not be considered deviant behavior if organizational norms encourage such behavior, framework suggested in this study captures both unlawfulness and societal illegitimacy of such behavior²². In or words, this study’s framework captures potential inconsistencies in institutional frameworks in which people exist.

In addition to misalignment of societal and organizational institutions, re may also be discrepancies between formal and informal institutions within same level of analysis (i.e., organizational or societal). Webb et al. highlight discrepancy between how large parts of population and people in some countries view sharing of copyrighted files²⁶. Furthermore, within organizations, formal and informal institutions may be contradictory. Returning to toxic waste—it is unlikely today that formal rules of any organization would condone dumping, although informally norms may encourage it. In such cases, employees find m-selves between a rock and a hard place. Regardless of their actions, y 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 particular employees who got caught.

Table-2. Institutions defining Deviant behavior.

Level	Type of Institution	
	Formal	Informal
Societal	Laws	Societal norms
Organizational	Rules	Organizational norms

Links between Entrepreneurship and Deviant Behavior

According to definitions provided above, entrepreneurship is deviant behavior if it involves trespassing against organizational or societal formal or informal institutions. Our definition of entrepreneurship makes distinction between entrepreneurial action and non-entrepreneurial action possible. Entrepreneurial actions are associated with pursuing entrepreneurial opportunities, which in turn are associated with emergence of new economic activity. Thus, seizing opportunity to steal cash or some products from organization is not entrepreneurship, where as seizing opportunity to produce a new type of product or finding a new use for old products is. Stealing cash from organization would fit neatly under wide deviant behavior umbrella, where as a new use for old products could be deviant behavior, but need not be necessarily. For example, reusing pace makers from dead people would not be in accordance with US institutions if reuse takes place in United States²¹ and would therefore constitute both deviant behavior and entrepreneurship.

Recycling plastic bottles to produce fleece fabric, on other hand, would be entrepreneurship but not be deviant behavior as it would be in accordance with both formal and informal institutions. Therefore, according to definitions discussed in this study, re is a conceptual overlap between deviant behavior and entrepreneurship as some entrepreneurial ventures break rules and norms and Therefore qualify also as deviant behavior In addition to discussed conceptual overlap between entrepreneurship and deviant behavior, re is a range of potential empirical commonalities between two phenomena. Such commonalities can stem from organizational factors that enable both entrepreneurship and deviant behavior. For example, autonomy is positively

related to entrepreneurial behavior^{17, 18}, but it has also been found to be positively related to deviant behavior²⁵. Consequently, attempts at supporting entrepreneurial behavior can unintentionally enable deviant behavior. Another source of overlap may be common characteristics of entrepreneurs and entrepreneurship. For example, Wright and Zahra portray entrepreneurs as rule breakers²⁷; Klofsten, M claims that entrepreneurs are often suspicious of authority¹⁴; Johannisson that entrepreneurs frequently assume role of an anarchist in relation to existing institutional framework¹²; and Kramer, Cesinger, Schwarzinger, and Gelle'ri find that narcissism and psychopath are positively related to entrepreneurial intentions^{17, 18}. Furthermore, Shane draws upon a substantial body of research when he claims that many entrepreneurs are uninterested in working for others²³. However, successful business start-ups regularly employ people and consequently owner-managers often end up with substantial power over firm's employees. This power can corrupt and in doing so promote both deviant and harmful acts by entrepreneur. 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 organizational deviant behavior, via examples involving both legal and social complications, to those that members of general public have branded outrageous deviant behavior. These examples are chosen because they are conspicuous and are therefore not necessarily representative for entrepreneurship and deviant behavior in general.

Defending Project against Project Review Procedures

Ulcer drug – Losec – is most successful product developed by pharmaceutical group Astra. From its introduction in 1988 until expiry of patents, Astra had income from Losec as a mainstay. Still, while now competing with generic drugs, worldwide sales in 2010 amounted to almost \$1 billion⁴. 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 development project was saved from premature termination five times between 1966 and 1984¹⁰.

Innovating Social Networking to Find a Successful and Legal Solution

Like most or entrepreneurial ventures, idea behind internationally renowned social networking site Facebook developed during an extended period of time including experimentation and interaction with many people¹⁴.

Some early experimentation started with Zuckerberg obtaining photos of female Harvard students from student Houses' online archives and creating website Facemash, where users could rate relative attractiveness of students based on their photos being presented two at a time. Also, representatives of Harvard female student associations sharply criticized site as Zuckerberg did not have permission from either those photographed or from organizations that stored files online. Entrepreneurial action is consequently based on illegal use of photos (violating copyright and violating individual privacy) and for purposes deemed unethical by Harvard administration and by a number of female students. Venture Facemash could thus qualify for label renegade entrepreneurship in terms of Table 1, and it violated all four types of institutions in Table 2. However, view of violation of social norms is not universal. Large amount of users at Harvard obviously did not see system as violating its norms sufficiently to refrain from using it¹¹.

Innovating Sharing of Digitized Material in Legal Borderlands

Pirate Bay is one of world's largest sites facilitating file-sharing and, according to web information company Alexa's traffic ranking, 75th most accessed website in world³. Unlike our other examples, it was intended to be controversial, as an active part of anti-copyright movement. It is an Internet site upon which 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. Because site does not itself contain copyrighted material, it is likely that it was legal when it was first founded. However, after a change in law, a Swedish court deemed founders to be guilty of facilitating copyright infringement, a sentence they have appealed. Pirate Bay was an example of legal entrepreneurship when it first started, but ceased to be legal after a change in law and current court rulings.

Monetizing Healthcare Too Far

Like Pirate Bay, our final example is played out in an area where public opinion is divided. However, unlike entrepreneurs in Pirate Bay case, entrepreneurs behind for-profit healthcare provider Capiro, did not wish to provoke opponents or upset feelings. Capiro 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 United Kingdom. In Sweden, firm has been one of front runners in establishing for-profit care and healthcare when politicians started to allow such ventures to expand. Capiro's official ambition is to be healthcare provider that best fulfills demands imposed by patients, public healthcare, companies, and organizations. In order to fulfill that ambition, they claim to focus on high-quality and effective care services and place individual patient's needs and expectations in center⁸.

DISCUSSION

From a purely analytical perspective, most entrepreneurship could be viewed as deviant behavior, if we hold that entrepreneurship involves breaking of habits, norms, or rules^{12, 27} and that ventures expose organization hosting m to risk because of their uncertain outcomes^{1,2,26}. As illustrated by examples in preceding section, most ventures of any importance have proponents and opponents, and assessments of character of entrepreneurial ventures tend to differ between people and over time. For example, Ostholm's persistence in pursuing development of Losec in face of corporate top management opposition and in violation of standard evaluation rules in pharmaceutical group breached corporate institutions. However, in retrospect, when Ostholm's faith in research path and subsequent drug turned out to be warranted, success silenced concerns, and few would any longer view it as a case of deviant behavior, even if y did before success became evident.

Similarly, Zuckerberg's early defiance of norms appears more forgivable given subsequent success of Facebook. Had he quenched his entrepreneurial urge after Facemash, those who had learned about his actions would probably have considered m as offensive or even renegade entrepreneurship.

Pirate Bay intentionally challenged laws and 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 relationship between law making, case, and people's own behavior and positions. Swedish voted Pirate Party into European parliament, partly in protest against changes in law that strengthened position of copyright holders and decreased individual's right to privacy.

Capiro case, finally, illustrates how actions of individual entrepreneurs can influence proponents of general principles. In Sweden, re has been a political divide between those proposing that for-profit operation can help vitalize healthcare sector and make it more efficient, and those who maintain that it is unethical to make money from peoples' need for care and treatment.⁶

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

An important risk in this regard is that successful ventures end up in entrepreneurship literature and unsuccessful ones in deviant behavior literature. Losec case is not unique. In fact, entrepreneurship literature highlights informal nature of many entrepreneurial ventures in existing organizations^{6, 7, 16, 27}. However, deviant behavior literature tends to omit successful ventures as post hoc evaluations tend to be skewed by outcomes. For example, development of laptop computer by Toshiba, mentioned earlier, was a clear example of both deviant behavior and entrepreneurship. However, it ends up in entrepreneurship literature and not in deviant behavior literature.

Another issue in assessment of deviant behavior is that of organizational versus societal norms. In a start-up, norms will be built around entrepreneur's idea (l) s, and are thus highly unlikely to clash with entrepreneurial venture. For entrepreneurs acting in existing firms, on or hand, re will be established norms, rules, and routines that, at least to some extent, can be expected to be

compromised by entrepreneurial venture. Indeed, if no such clashes occurred, venture would hardly qualify as entrepreneurial. Entrepreneurial venture might or might not clash with societal norms surrounding organization.

CONCLUSION

In this attempt to explore entrepreneurship as deviant behavior, this study has suggested that entrepreneurship is often in conflict with organizational and societal institutions, such as norms and rules. In fact, we have found that there is an overlap between definitions of deviant behavior and conceptualizations of entrepreneurship in previous literature. In addition, study has found previous research, distinguishing between desirable and undesirable deviant behavior based on intentions or outcomes of behavior, insufficient in relation to entrepreneurship as deviant behavior. Reason is that for entrepreneurial ventures, underlying intentions are often good, but outcomes are often not^{1, 2, 19}; and that making assessments of outcomes of entrepreneurial ventures a priori is notoriously. Assessing deviant behavior based only on organizational level evaluations²² is likewise insufficient in relation to entrepreneurship. Reason for this is that support for venture may be needed also from actors outside of organization. Furthermore, what constitutes organization is not always clear. Therefore, we argue that it is necessary to broaden view of what institutions determine where a venture classifies as deviant behavior when analyzing 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 organization to pursue venture elsewhere is not a guarantee against being classified as deviant behavior. Considering emphasis that entrepreneurship literature puts on informal nature of many entrepreneurial ventures within existing organizations^{16, 23} and lack of research on deviant behavior with positive consequences overlap between entrepreneurship and deviant behavior seems to be fertile ground for future research.

Ethical Clearance- Not Applicable

Source of Funding- Self

Conflict of Interest - Nil

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