ACADEMY OF MANAGEMENT REVIEW

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Dear Dr. Cornelissen:

The reviews of your revised manuscript submitted to *Academy of Management Review*, "Imagining and Rationalizing Opportunities: Inductive Reasoning and the Creation and Justification of New Ventures**"** (AMR 08-442.R1) are now complete. As Reviewer 3 aptly summarizes, the revision "improves on the original in certain important respects, but also raises various new concerns in the approach that it currently takes." You made progress in terms of sharpened definitions of focal constructs, improved depiction of the agentic and institutional approaches to entrepreneurship, and developing implications for your research. Significant concerns remain, however, about the paper's theoretical depth and contribution. Much greater precision in both your theory and your presentation must be achieved for publication in *AMR*. While considerable work is required, I believe your ideas continue to hold promise, and therefore request another revision that attends to the following concerns about the paper:

<u>First, a successful revision must present a theoretically more focused, cogent and cohesive argument.</u>
Reviewer 2 (par. 3 and 4) communicates this critical issue at a broad level better than I can. Your revised "aim to conceptualize how language and thought interpenetrate in context (Slobin, 1987) and how meaning is not fixed but continually developing as a result of entrepreneurs interacting with others" is interesting, but requires additional conceptual clarification and is theoretically unwieldy, sacrificing needed depth for breadth. For example, the "interaction model of new venture creation" section provokes a number of concerns regarding its value added and fit within the overall paper (Reviewer 1, comment 7; Reviewer 2, Part 3; Reviewer 3, par. 8.) While you made progress with regard to the process claims from the previous version, I believe this section retains vestiges of the issues identified with the original manuscript, and if retained, needs to be fundamentally rethought to connect seamlessly to your established theoretical position. In addition, Reviewer 1's concerns (comment 5) about your propositions are at least partially a function of the fact that you have too many "moving parts that interact in complex ways" (Reviewer 3.) Reviewer 2 offers some interesting ideas for rethinking and focusing your theoretical argument, but you need to decide the best path to tighten your theory.

Second, specific concerns regarding interactive elements of your theory require attention. Assuming you retain these elements, a successful revision will address the following related concerns:

 a) reflect more balance and interaction in the communication between entrepreneur and resource providers (Reviewer 1, comments 1b and 4)
 b) situate your contribution within the larger "realities" of the "language/action" gap that Reviewer 3 (par. 4) identifies (see also Reviewer 2, par. 13) and the "other factors that also impose structure on abstract ideas" (Reviewer 1, comment 2)
 c) acknowledge constraints associated with language (Reviewer 1, comment 4.)

Finally, a successful revision will demonstrate *significant* improvements in precision and clarity of presentation.

"Vigorous, direct, clear, and concise communication should be the objective of all articles in Academy journals" (*AMR* Style Guide for Authors.) I don't wish to sound harsh, but will risk it in order to be direct and clear: the current manuscript falls well short of achieving this objective, which is especially problematic because the paper is predicated on the power of language. Focusing your theoretical argument will rectify some portion of this concern, but there appears to be a separate issue regarding language clarity and argument presentation style that substantively impedes the power of your ideas. For example, it's evident that you put effort in and made progress in the use of examples, but they still need a lot of work. Take Reviewer 1's Comment 3 to heart, as well as specific issues raised by the reviewers about lack of clarity (i.e., Reviewer 1, Comment 6; Reviewer 3, par. 5.)

Once again, thank you for submitting your manuscript to *AMR* and I look forward to receiving your revision. The resubmission process is the same as it was for this revision. Please upload your revised manuscript within 4 months of today or contact me in advance to negotiate an alternative deadline. In addition, please contact me if you have any doubts about how to proceed with the revision.

Warm regards,

Adelaide W. King
Associate Editor
Academy of Management Review

Comments from Reviewer 1:

I appreciate the work and effort that went into the revision, and I continue to find the topic of great interest. However, I'm not sure how much the manuscript has been improved through revisions. The revised manuscript is extremely long, and neither the new propositions nor the new section promising an "interactive model" add much value to the manuscript. In fact, I would say that they detract from it. I have detailed my concerns below.

1. I still like this paper, or at least the central idea behind it. However, to pass muster at AMR a manuscript must move thinking and understanding of a topic. This one is in the ballpark, but the revisions haven't helped it much, in my view, and may have harmed it. As the paper wears on, more and more of its ragged edges begin to show. I like the introduction a lot, and don't think it needs to change much. I liked the "new venture creation" section too, as well as the "thinking-for-speaking" section. All the way up to the "induction and new ventures" section on page 11, I'm a happy camper with two minor exceptions.

    a. On page 9, you note that founders are driven to provide accounts that make their firms appear like legitimate investment opportunities." I would use the language and phrasing of institution theory here. It will both be more theoretically tractable and more correct. For example, you might say that founders are driven to provide accounts that align their organizations with other organizations and structures that have already achieved legitimacy.

    b. A broader concern I have with your manuscript is the statement that through the thinking-for-speaking process, the design and implementation of ventures emerges "from verbal interactions with resource providers" (page 9). There is virtually nothing in your study about verbal *interactions* with resource providers. Rather, you focus on verbal communications from the entrepreneur to the prospective resource provider. Yours is a highly one-way treatment. I'll have more to say about that later.

2. I get more concerned after about page 10. For one thing, being a person who has conceptualized several new ventures, I take issue with making language the entire mechanism of inductive reasoning. In fact, in my own experience, a parallel process occurs as the entrepreneur adds detail to the idea. In my own case, the engineering work for prototypes truly sharpens the thinking overall. Things that were assumed are shown to be false, and problems arise that could not have been anticipated without more detailed and structured analysis. I'm not going to make a big deal out of this, but please note in your discussion section that your approach privileges language over other factors that also impose structure on abstract ideas. Indeed, your approach privileges language to the exclusion of all other factors that also impose structure! I can perceive a very parallel process going on with technical innovations, and these are driven by the need to impose standard engineering analyses. Language aside, working out a prototype's engineering design really carries forward thinking on the concept. Sorry, but language ain't the be-all end-all in entrepreneurship.

3. This paper is way too long. I'm sorry you weren't able to cut it back, but I think that any reasonable copy editor could squeeze 10-12 pages out of it. Perhaps the length of your manuscript is understandable – after all, you DID privilege language to the exclusion of everything else. However, you also go way overboard on citations. I think that the actual space taken up by parenthesized citations in the text would amount to about 10 pages. I'm not asking you to throw them all out, but when I see so many citations I think two things:

a. The authors don't have the metaphors and analogies to draw on, so they use citations to appear legitimate.

b. What of the material in the manuscript is actually "induced" by the authors? Where did you (metaphorically) stretch the field's thinking? What ideas should I attribute to you? Right now, I could reference nearly all the ideas in the paper by citing references you provided. Try to cut back on the use of citations, and don't try so hard to align your ideas with those that are already legitimated.[1]

4. Last time I complained about your reference to the liability of "being too bold" (page 17). This time, I have a new concern about the same statement. First, you say it may lead the entrepreneur down an interpretive route that is not appropriate. But, your approach (as I noted above) is entrepreneur-dominated, and you provide very little information about interaction with others. However, entrepreneurs use language to entice the support of others, *and this use also binds them to particular approaches and characteristics*. Metaphorically speaking, after an entrepreneur has framed his or her new business as a cat and thereby gained supporters it may be quite difficult to return to those same supporters and frame the business anew as a dog (no pun intended). This is a crucial point you've missed – the interaction part. Your approach to interaction is very one-sided – the entrepreneur communicates to resource providers (nowhere in your model do they communicate back). However, commitments made to and by supporters as well as feedback from presentations of the idea will be critical to shaping it. Bold ideas often gain particular adherents and supporters, and these supporters are very likely to be disappointed when the idea turns out to be quite different than they expected.

Relatedly, on pages 18-19, the point that "a specific advantage of idioms and argument constructions is that once they are metaphorically extended to or aligned with a target their use simulates an entire scene that can be dynamically manipulated" is perhaps correct. However, by my point above, metaphors also constrain subsequent thinking.

5. I am very disappointed in the propositions. They've made the study worse in my view. I don't have any natural objection to propositions, but yours frequently don't make sense to me, and don't help me formalize thinking about the topic. For example, the quote you attribute to Goodman: "if the antecedent or consequence of one such hypothesis is much better entrenched than the corresponding predicate of a second, and if the remaining predicate of the first hypothesis is no less well entrenched than the corresponding predicate of the second, then the first has the higher initial projectibility index" (Goodman, 1955:108) is a good candidate for a proposition. It makes an actual prediction that flows from theory, highlights the logic of theory, and could at least in theory be tested. Your proposition 1a does not meet any of those criteria. Consider:

a. At first read, I thought it was a tautology. Then I read it another 5 times and saw otherwise (or at least so I thought).

b. How would P1a NOT hold? That's like saying my dear friend who frames every management concept with a story from his service in the Navy will more than likely continue to do so in the future.

c. Let's assume P1a is correct. So what? What does it tell us about your model? Sorry, but I don't see any value-added here. How is that a viable proposition? How does

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[1] I smiled when I wrote this.

that advance our thinking about sensemaking in entrepreneurship? How does that help us understand what is going on? The same comment holds for P1b, and P2. Proposition 3, in contrast, is a real proposition.

    d.   Regarding P3a, what on earth are "prior commitments"? Your language is very confusing, and in this case, I'm confused as to whether the term "prior commitments" refers to the entrepreneur or society in general. It seems to be both. Also, what if the "prior commitments" eventually ended in failures?

    e.   Regarding P3b, how can this proposition NOT be true? If there are no industrial examples to form analogies with, what is left but metaphors? I don't see how this proposition advances thinking or understanding.

    f.   P4 is fine, as is P5.

6.   I'm sorry, but I'm completely confused on page 20 where you say "For example, the (metaphorical) inference that spreading the GRI, as a voluntary reporting framework, across multiple sites and stakeholders around the world would *add up* to increasing support was not something that could have been assumed at the outset". Please explain to me how could spreading GRI would possibly NOT add up to increasing support. I don't get it. How would anyone assume that spreading GRI across the globe would NOT add up to increasing support? Maybe you have a different meaning for "support" than I do.

7.   I would drop completely the interaction model of new venture creation, and instead focus on making sense of the earlier material. I didn't see anything new in that last section that a reasonably well-read scholar wouldn't infer on his or her own. The author(s) have demonstrated that wordiness is their *modus operandi*, so perhaps the best solution would be to cut a major section from the paper. That seems far preferable to me than keeping propositions that don't make any sense and a section that doesn't add value.

Sorry to be so harsh here. Good luck with this research.

Comments from Reviewer 2:

par. 1)   Thank you for the rewritten version of your paper "Imagining and rationalizing opportunities" and for your careful consideration of my earlier observations and comments. Your paper has come a long way and it bears witness to the hard work you have invested. And yet, to my mind, it still needs to go further to make a clear and precise contribution to the field of entrepreneurship.

par. 2)   If I understand it correctly, the paper falls into three parts. The first one suggests the need for a bridge between cognitive and institutional approaches to entrepreneurship, and you express belief that the sensemaking literature and more precisely the "thinking-for-speaking" concept could deliver this bridge. In the second part you describe how "thinking-for-speaking" in analogies and metaphors (inductive reasoning) in entrepreneurs speech-acts might depend on prior experience and effectance motivation. And in the third part, you suggest a model that shows how "coasting", "thickening" and "tuning" might happen in "thinking-for-speaking" in analogies and metaphors (inductive reasoning) in entrepreneurs speech-acts over several stages of the entrepreneurial process, each time depending on prior experience and effectance motivation. The paper ends with an outline of several implications of the model for entrepreneurship research.

par. 3)   While this provides a logical flow, and at the surface the parts build upon one another, a problematic undercurrent is forming. There grows a mountain of assumptions whose elements -due to understandable space limit and for the sake of focus- are only loosely interlinked and start to asphyxiate your core argument. From part one to part three you are pulling an increasing baggage of unresolved theoretical issues along with you, a baggage that makes it increasingly difficult to find a steady footing. There remains with me the impression that more needs to be done (or things have to be left out) to have the three parts form a coherent whole. Cognitive science, institutionalism, sensemaking and social constructionism are too superficially introduced and worked with to help the reader understand how they might stand to one another, be bridged, or exclude one another is detail.

par. 4)   I understand that you try to "locate" your research in a view of broader research issues and traditions in entrepreneurship, but it remains unclear why inductive reasoning and "thinking-for-speaking" should be such all-round remedies to the tradeoffs arising from the intricate design choices of cognitive approaches and institutionalism. Instead of "locating" your paper as a bridge, it would be necessary to ground it. This means to focus. If you choose sensemaking, then trust that it already has enough of cognitive science and a view to institutionalism inside itself. You would need to take the perspective much more serious than you do and argue how it might speak to the entrepreneurship literature that you have in mind for your central argument. For example, what does sensemaking theory say about metaphors and analogies? What does Slobin say about it?

Part 1:

par. 5)   After the rejection of approaches explaining venture creation and legitimization with the help of antecedents or outcomes, you are settling for sensemaking as a theoretical position that is located at the nexus between individual and institutional context (p2-3). I would have expected that you would stay with this position. But on page 10 you are rejecting a whole lot of Weick's perspective and concentrate on Slobin. Why introduce Weick in the first place? And to go on with a minimal part of sensemaking theory (the one equal to Slobin)

leaves you with a lot of theory introduced, but little theory to work and play with. You have thrown the creative constraint of working closely with these theories (which means wrestling with their basic assumptions) overboard. The results gives you freedom to move ahead, but it also has removed the scaffold for you construction. You are everywhere and nowhere.

par. 6)   Ontologically you are closer to Gioia et al.'s ideas on sense-giving than to Weick et al's ideas on sensemaking (although these two are often thought to be interchangeable). For example, you formulate your propositions, and you suggest to use them for hypotheses generation in your discussion. While sense-giving scholars are up for propositions, some core sensemaking theorists would not see value in propositions for their theory, because they see proposition thinking as foreign to their theoretical toolkit. See the work of Maitlis and Glynn on orchestras (AMJ, JMS) for ideas on how sense-giving might be researched at a broad level.

par. 7)   It seems that a main theorizing device that you are using is to place two fields of science over one another to see if they overlap or need to touch anywhere. I would like to see reasoning about the grounds on which such an "overlapping" is a possible and generative starting point. P12. Theoretical lenses are developed to bring certain phenomena into view. Maybe cognitive and institutional theories "fail", as you write, because they are grounded on choices of attention and focus to deliver. These choices make bridging them a very delicate endeavor. It usually can't be done without interpretatively changing the two areas that are supposed to be bridged (see for example Giddens work, or also Gadamer's work on hermeneutics).

par. 8)   Why not go to Slobin directly and unfold theory from there, rather than trying to fold a lot into Slobin? Take Slobin very,very seriously and introduce a tight theoretical net around his central concept. Then show how it ties in with the cognitive, institutional and sensemaking theories, so that we understand how your work can stand on its own. Interestingly, Slobin's work is on cross-cultural acquisition of language. How the languages we learn shape out thinking. In Slobin's case the languages have already been developed; their acquisition shapes thinking. In the case of entrepreneurship that you describe what would be the role of languages? What correspond to the languages? Is it the metaphors and analogies? I like to see how far you are taking Slobin's concept of "thinking-for-speaking" away or towards his Psycholinguistics (1979).

par. 9)   The problem with the central person, the entrepreneur, persists. While the sense-giving literature readily identifies the leaders of an organization as sense-givers, the self-making of the entrepreneur poses a problem here. Somebody becomes an entrepreneur if he or she starts to use a certain kind of reasoning to gain legitimization for an endeavor that he or she doesn't completely understand nor knows the exact target state of. Is it the behavior or the endeavor that lets us label a person as an entrepreneur?

Part 2:

par. 10)   I think that your reasoning around metaphors and analogies is the strongest part of your paper. I buy the argument that metaphors and analogies can help entrepreneurs make things more intelligible and plausible for themselves or others. And therefore it should be the start and the anchor of your paper.

par. 11)   Your paper is very dependent on the pioneering work of Lounsbury and Glynn and Hill and Levenhagen. But are all analogies and metaphors a sign of pure (!) "inductive" reasoning? I could imagine that the speech acts are inductively-framed signs of a more "abductive" process that toggles continuously between inductive and deductive trajectories of

thought and that analogues and metaphors are a sign of the incoherence of entrepreneurs' present understandings, because their need for comparison between two domains allows accommodating this kind of reasoning better than any other way.

par. 12)   The use of metaphors and analogies in everyday life can be more ad hoc, multi-layered and complex than the use of it in scientific work. Where science stresses exactitude, everyday life might stress lifefulness, color and vibrancy. In short, I would like to see you go beyond Hill and Levenhagen. I had hoped that my previous comments would have you think about the underlying assumptions of a metaphor and analogy perspective (depth), rather than to "locate" them in a broader research field (breadth).

par. 13)   What is the evidence that analogy and metaphor are the prime means for entrepreneurs to gain legitimacy? There is a danger of attributing overly much attention to these. They are a powerful means for entrepreneurs, no doubt, but are they THE means? And how are they THE means? How do they relate to or comingle with other, literal descriptions of a venture? If it is all metaphor and analogy, stakeholders will become suspicious, I could imagine.

par. 14)   Is it only inductive reasoning using analogical or metaphorical devices that can imagine and create new venture out over the experience of the entrepreneur? (p6) And why is it out over the experience of the entrepreneur, when it is inductive? Hume would tell us that all inductive reasoning is based on prior experience, rather than eternal ideas (or deductive reasoning). And the work of Weick would provide some insight on how people deal with the novel and unexpected, even though their scripts don't provide guidelines as to how to interpret it.

par. 15)   To assume that entrepreneurs "think-to-speak" in a special way when they use metaphors or analogies needs clarification. What does Slobin say about metaphors and analogies in learning languages? Where else can we find thought and theory about how "thinking-to-speaking" and metaphors and analogies interweave?

par. 16)   You draw on many authors who haven't said much about entrepreneurs: Cornellisen, Goodman and other. Then you go on to make assumptions that what they have written about applies especially well to entrepreneurs. This is a jump. You need to make a bigger effort to bring the sources into the context of your paper.

Part 3:

par. 17)   P 21. "envision and identify an opportunity" these are two very different things. Language-wise you are moving away from the espoused constructionism of earlier pages and towards objectified things. You are probably defying the Slobin perspective that you placed as the basic assumption for your paper, here. I would at least need some thought on how to bring them together. Part one had not been conclusive on this.

par. 18)   P22. Suddenly we find sentences like "entrepreneurs are likely to use metaphors to familiarize others with the venture"(p24), which suggest that you are now talking about legitimacy-seeking behavior. No word anymore about entrepreneurs trying to figure out themselves what they are doing. The change in language, probably primed by the literature you are dealing with here shows the difficulty to work with two scientific lenses at a time. And again you propose to place both above one another to come to some propositions. But can this be done so easily, if even the language inside your paper changes so fundamentally?

par. 19)   P 37 "The "thinking-for-speaking" approach that we have introduced and developed in this paper focuses on how entrepreneurs, whilst speaking, construct meaning about novel ventures for themselves and others at different stages of the venture creation process" You

have introduced it but you need to developed it much more. Instead you have swung back to a more literal account of metaphors and analogies.

Remaining issues: The article seems front heavy. You are introducing too much to get to the metaphors and analogies part.

par. 20)   P11. that entrepreneurs are theorizing their world is no surprise, as theorizing is not reserved for science. Also artists, politicians, farmers, etc theorize. Theory is "the analysis of a set of facts in their relation to one another." Folk wisdom is a theory. Theorizing, therefore, doesn't make entrepreneurs into scientists. The analogy is mistaken, I think. But this is exactly your point and the question for this paper: How do entrepreneurs theorize (without turning into scientists)? This seems a promising starting point to me. Metaphors and analogies might be entrepreneurs theorizing devices, but they use them differently than we do in science.

par. 21)   I realize that I have been working very broadly with your paper in my review. But before you solve some of the basic problems of your theory development, it is difficult to speak to the minute details.

par. 22)   I encourage you to develop this paper, because there is a very, very interesting argument waiting under the surface. My advice is to look if there is more to metaphors and analogies than meets the eye. These are complex devices of speech, with possible false bottoms, inviting humor, leading speakers and listeners pleasurably astray, bringing them together in surprising ways, and so on.

Comments from Reviewer 3:

par. 1)   Like its predecessor, this resubmission is ambitious. From what I recall about the original paper, it also represents a very substantial revision of the original argument. In being as different as it is from the original, it improves on the original in certain important respects, but also raises various new concerns in the approach that it currently takes. I amplify on these observations below in the hope that my comments will help the authors sharpen their focus.

Strengths:
par. 2)   What I like about the paper is that it attempts to take language seriously. It suggests, consistent with a lot of evidence, not only that analogies and metaphors matter but also that the extent to which they matter depends on context. To this end, the propositions that they derive are good vehicles for understanding how and why entrepreneurs frame issues as they do. Further, because entrepreneurs face such daunting challenges in beginning new ventures, it seems useful to understand what they do to surmount these challenges. In this vein, it is also interesting to see the authors develop a model that juxtaposes the influence of effectance with the influence of prior experience (although I wonder how this model can be refined— see comments below).

Questions/Concerns:
par. 3)   This is probably a matter of taste, and it probably stems from my modeling instincts, but I generally have a hard time with verbal arguments (or qualitative models) that contain lots of moving parts that interact in complex ways. One of my favorite papers ever is an old paper by Simon on motivation: a simple argument, three equations, a set of crisp, surprising implications. I realize this paper deals with an issue that is intrinsically complex, and the paper does not try to offer any formalizations (which generally constrain the level of complexity of an argument), but I still think the authors could look for opportunities to simplify their argument and language.

par. 4)   One question I had throughout much of the paper (especially the sections that dealt with language) was whether the authors were assuming implicitly that there is a one-to-one mapping between the language that entrepreneurs use and what they actually do, or whether they believe there is a substantial gap between rhetoric and reality (Zbaracki, 1998). The authors should be more explicit about what their position on this issue is. As an example of why this question is relevant (and I cite this one mainly because the authors discuss the Internet), one of the interesting things about entrepreneurs who developed search engines in the 1990s was that they often used language to discuss their sites and attempt to frame others' understanding of these sites that often didn't quite match the capabilities their sites had. Do we care about how entrepreneurs use language mainly because said usage reflects what their firms actually do? If the relationship between language and action is less direct, can the authors specify what it is? Alternatively, are there other substantive reasons to care about this language independent of the reality it supposedly represents? Answering this question is important because it cuts to a key component of what the paper's contribution is and indicates whether in their use of various rhetorical devices, entrepreneurs are engaging in more than language games (Astley and Zammuto, 1992).

par. 5)   The language/action question is further implicated in the authors' discussion of metaphors. With analogies, the action implications of language are often fairly clear, even if the analogies require some alignment to be useful. With metaphors, however, the connection is often less evident. For instance, how does Branson's allusion to "fat cats" translate into a viable plan for Virgin Airlines? Or perhaps entrepreneurs are likelier to use metaphors when they have a general goal in mind, but want to preserve more options (related to the social space in which they reside) of how to achieve that goal.

par. 6)   Another question, which goes back to an issue I raised in the comments I wrote about the original submission, is what the authors' implicit model of man is. Terms like "cognition" get bandied about too loosely in the paper; some "cognitive" theorists might be guilty of considering the individual in isolation from his social environment, but certainly others do not (e.g., Ocasio's 1997 article on attention very heavily emphasizes the social context in which cognition occurs).

par. 7)   Conversely, the paper misses an important opportunity in regard to its discussion of the institutional literature. Insofar as entrepreneurs are embedded in a social matrix, some audiences are doubtless more important (see, for instance, Hannan et al's chapters on audiences in Logics of Organization Theory). It thus would not be surprising if the figures of speech preferred by certain audiences (e.g., Wall Street analysts) were adopted more frequently by entrepreneurs. Thus, even as entrepreneurs attempt a certain bricolage in their actions that reflects cognitive effort, the language they use to frame their businesses is likely to be somewhat isomorphic in ways anticipated by the early strand of neo-institutionalist theory (e.g., DiMaggio and Powell, 1983).

par. 8)   Also, the authors might consider revising somewhat the model of how effectance relates to stages in a firm's development. The authors posit that "the motivational process of effectance, in contrast, follows the opposite temporal pattern…" (28) and that the influence of effectance is thus low in a venture's early stages because the entrepreneur is only tentatively committed to the venture (29). Although that seems correct much of the time, I suspect there are occasions when a) much of the entrepreneur's identity is invested in making a venture succeed and/or b) an entrepreneur sees the opportunity to shape the competitive landscape earlier rather than later. In such cases, effectance would seem to be extremely high from the beginning.

Good luck in continuing with this line of work.