

Psychology, Visionary Entrepreneurship and Economic Evolution

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Abstract

I describe the processes of internal and external selection of a business project before official founding. I put particular emphasis on the psychological processes of ‘internal’ selection in an aspiring entrepreneur. The project deals with development and commercialization of innovative DNA-Biochips. These can be used to detect gene-based health conditions in diagnostics and in drug discovery. The case study is used to test some conjectures on the operation of evolutionary principles in economics. It identifies similar and differing characteristics in visionary technologists and entrepreneurs.

Already Alchian (1950) had argued that processes in industrial evolution can be linked to an evolutionary interpretation of economic phenomena. Nelson and Winter (1982) have linked Schumpeterian creative destruction into evolutionary accounts and simulations of development. Grebel (2002) has linked entrepreneurship, industry evolution and their simulation. These arguments require a micro-perspective on the entrepreneurial process and its connection to evolutionary principles. Schlicht (1997), based on a systemic school of evolutionary thought, has argued that certain principles from Gestalt theory should influence economic actors and lead to the operation of evolutionary principles in social systems.

Reschke (2004) links Schlicht’s argument and personal construct theory (Kelly 1955) to economic evolutionary processes and the construction of an operationizable theory of economic evolution. In this paper I show on the basis of the case study how personal construct theory can be used to analyze processes of internal selection and how external selection can be traced to actors decision’s on the basis of mental representations (certain worldviews) which leads to ”external” selection by investors and in markets.

The case study shows how the founding process of a new venture is characterized by many selection decisions prior to the operation of market selection and how these interact in the mind of an entrepreneur. These include and are related to technological approaches, choice of partners, choice of investors by entrepreneurs and investment decisions of investors. Overall decisions about how to present and market the venture are controlled by the expectations about market (selection) decisions. The environment for DNA-Biochips is presently a difficult one since a large number of approaches competes for attention and resources. Pharma companies are reluctant to invest in new and unproven technologies since they are doubtful about the consequences of genetic separability of patient population which would

enable individualized medicine or at least the identification of patient sub-populations. This might endanger the blockbuster model of big pharma, and certainly creates uncertainty about market size and cost for new pharmaceutical products. Therefore investors are reluctant to invest in the uncertain future of such ventures. In this context, I describe the psychology of entrepreneurial ‘marketing’ decisions taken from versions of the business plans, discussions with the entrepreneur and (internal) background material. From the observations in the case study and comparison with some notable technology visionaries and entrepreneurs, I develop a classification scheme for (un)successful (technology) entrepreneurs and visionaries.

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