

Title: Schumpeter's 'Conduct Model of the Dynamic Entrepreneur': Nature, Scope and Distinctiveness

Abstract:

Schumpeter formulated a 'conduct model' of entrepreneurial behaviour. Received wisdom has emphasised the economic functions of Schumpeter's entrepreneur, neglecting behavioural aspects. Schumpeter's model is examined; it posits a continuum of behaviours which are 'entrepreneurial', that rely on socially situated, tacit knowledge and are expressions of conscious, subjective rationality. Schumpeter's model excluded unconscious optimisation and decision rules derived from bounded rationality. Comparisons are drawn with modern neoclassical, Austrian, and the older behavioural characterisations of entrepreneurial behaviour. The newer 'effectuation' model of entrepreneurial behaviour is also contrasted with Schumpeter's approach. We find, among other things, that modern Schumpeterian economics associated with Nelson and Winter is not a natural continuation of Schumpeter's model. However, some developments in neo-Schumpeterian economics, including the effectuation model deriving from the older behavioural tradition, are congruent with both the original 'conduct model' and Schumpeter's directions for further research.