

Luck in Action – Creating Luck Momentum in an Entrepreneurial Context

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Abstract

Objectives: In this study we investigate how entrepreneurs construct luck in their action. The focus is on analyzing how the narratives of entrepreneurial action define luck as a subjectively perceived, and not as a random act of chance.

Prior Work: Luck is understood in different ways, and its core comprises things that can go well or ill, due to conditions beyond individuals' cognitive or manipulative control (Dew, 2009). It has been argued that luck can define entrepreneurial success more than controllable factors (Watson, 2013). Scholars argue that luck is positively correlated with firm performance, but is not a decisive factor (e.g. Liechti et al., 2017). Taking a step further, we argue that such tensions in the literature possibly originate from how luck construct is defined and measured.

Approach: We rely on an inductive research design (Gioia et al., 2012) based on narrative life-story interviews. Data were collected from National Public Radio's interview podcast series entitled '*How I Built This*'. In this study we analyzed 22 service and/or product based ventures operating in various industries. In analyzing data we applied three steps comprising time line analysis of narratives of luck, coding the necessary conditions for the occurrence of luck, and comparative analysis of the relative time length between necessary conditions and entrepreneurs' narrative of luck.

Results: Our results show that luck has momentum that represents an image through which entrepreneurs start to perceive their business or themselves as lucky without immediate effort of the entrepreneurs. This is, however, preceded with entrepreneurial actions implying that the construct of luck is not external to an individual, but a subjective perception. We recognize two types of luck momentum, quick and slow luck, both of which are outcome of four conditions ranging from action on negative event to clarifying the messiness of entrepreneurial actions.

Implications and Value: Our findings extend the current understanding of luck in entrepreneurship and management. The subjective experience of time infers the concept of luck as an exogenous construct based on randomness, and emphasizes luck as entrepreneurs' subjective experience. Moreover, the differences in the conditions of quick and slow luck suggest that previous research has provided us with narrow insights regarding how luck can be measured. Thus, our results will contribute to scholarship on entrepreneurial process and success.

"Luck is a dividend of sweat. The more you sweat, the luckier you get."
Ray Kroc

Introduction

Recent research defines luck as a chance taking place outside individuals' control (Bertrand and Mullainathan, 2001; Dew, 2009; Gatewood, Shave, and Gartner, 1995). In the context of entrepreneurship luck, chance, and serendipity are uncertainty's elements under which entrepreneurs act (Bhide, 2000; Dew, 2009). The existing literature assumes that luck explains firms' success or failure (Baron, 1998; Görling and Rehn, 2008) or influences how persistently entrepreneurs are willing to pursue their entrepreneurial goals (Gatewood, Shave, and Gartner, 1995). Entrepreneurs operate in an environment which is filled with uncertainty, lessened capacities to predict, fluid industry boundaries, and mindsets that pursue sensing, responding and even creating change (Covin and Slevin, 1989; Eisenhardt, Brown, and Neck, 2000). Instead planning and forecasting, companies need to embrace speed and uncertainty (Ries, 2017). In these circumstances successful entrepreneurs' personal traits, motivation, skills, passion, and strategic behaviors (Baum, Locke, and Smith, 2001; Cardon and Kirk, 2015; Duchesneau and Gartner, 1990; Stenholm and Renko, 2016) might not explain success even if it is often attributed to personal qualities (Baron, 1998).

Nelson and Winter (1978) noted that luck has a key role in the evolution of new ventures influencing who survives and who does not. However, the effect of luck on selected phenomenon is highly debatable (Fitzz 2014; Quigley and Graffins, 2017). For instance, management has been advised to rely on intuition, a concept close to luck, in addition to systematic analysis with planning and forecasting practices (Behling and Eckel, 1991). Obvious tensions between rational, controllable approach and something which is guided more by hunch that rational conclusive remarks leave scholars without direction. We argue that such tensions stem from the ambiguity of how to objectively measure luck (Görling and Rehn, 2008; Liechti, Loderer, Peyer, and Waelchli, 2017) and from challenges in taking into account the external randomness that influences entrepreneurs' success. When asking directly from entrepreneurs about how lucky they are might misdirect the request of understanding luck: Entrepreneurs are driven by unrealistic optimism (Arabsheibani, de Meza, Maloney, and Pearson, 2000). These do not fit with the discussion on success as a product of social life emerging from individuals' actions (Feldman and Olikowski, 2011), nor do they fit with the claim that subjective perceptions of luck modifies entrepreneurs' decisions (Dew, 2009; Liechti, Loderer, Peyer, and Waelchli, 2017).

These tensions around the current approaches on luck in entrepreneurship highlight the need for rethinking the construct of luck and its dominant value. Taking a step further, we argue that the tensions in the literature possibly originate from how the construct of luck is defined and measured. For example, in the entrepreneurship field, luck is considered part of uncertainty surrounding entrepreneurial actions (McMullen and Shepherd, 2006), and as something that comes after action. Accordingly, as perceptions and beliefs direct the decisions the entrepreneur make (Baum, Lock, and Smith, 2001, Hmieleski and Baron, 2009), the perceptions of luck are decisive for entrepreneurial success (Liechti, Loderer, Peyer, and Waelchli, 2017), not luck itself. The research on luck in entrepreneurship is neglected and only few works address it empirically (Liechti, Loderer, Peyer, and Waelchli, 2017).

Accordingly, in this study, we revisit and contextualize the luck construct by empirically investigating luck from a bottom up way about how luck is constructed among entrepreneurs. Our findings provide insights into the temporally locked conditions that define how entrepreneurs perceive and construct luck. Instead of treating luck as an "error term", we found that there are four conditions that precede the entrepreneurs' narrative of luck. In addition, our results show that luck has momentum which represents an image through which entrepreneurs start to perceive their business or themselves as lucky. This momentum is, however, preceded with entrepreneurial actions on different conditions. In addition, we recognized two types of luck momentum, quick and slow luck, both of which are timely distributed outcomes of four conditions ranging from action on negative event to clarifying the messiness of entrepreneurial actions.

Through this approach we contribute to the literature by extending the idea of luck from random acts of chance to a subjectively perceived construct. Theoretically, success as a production of social life

emerges from actions individuals take (see Feldman and Olikowski, 2011). With regards to luck, Liechti and the others (2017) claim that perceptions of luck can modify the entrepreneurs' decisions. Accordingly, luck might not be solely external-to-entrepreneur construct, but instead, it can be considered as central part of the entrepreneurial success and having more to do with entrepreneurial success than previously has been studied. Accordingly, our study extends the recent research by investigating the construction of luck in the narratives of entrepreneurs, instead of pre-designed, quantitative measures (see Liechti, Loderer, Peyer, and Waelchli, 2017).

Theoretical Background

In our literature review on luck in managerial and entrepreneurship literature we came across with three main triggers providing room for an inquiry. First, we recognized that the construct of luck and its definition are unclear. Second, the findings from the previous literature suggest that there is a tension around the predictability of luck over performance. Finally, the research is puzzled by the value of luck: Whether luck guides action or outcomes. Next, we will elaborate these.

The construction of luck is accounted for human respond to observed events, to something which has good and bad outcomes, and to something that is related to timely variance (Liu and De Rond, 2016). Luck has been addressed through views of probability, modality, and control (Hales, 2016). Probability view considers luck as a function determining whether an event is improbable or not (Rescher, 1995). The modality view approaches luck through its epistemological nature according to which luck occurs only if it takes place in actual world, but not in other possible world, even if the conditions of lucky event are same in both worlds (Liu and De Ron, 2016; Pritchard, 2005). This goes close to believing that one is lucky, if a lucky event just occurs. The control view emphasizes individuals' control over her actions, which also related to a concept of moral luck according to which judgments cannot rely on luck, but individuals are expected to take full responsibility of their actions and outcomes (Liu and De Rond, 2016). This is challenged by hybrid view according to which luck is seen as a combination of control and probability (to cover event outside the control of an individual) (Hales, 2016; Riggs, 2007).

Theoretically the perception of luck also relates to the mental models, schemas, which illustrate individual's knowledge and perceptions about the way world around her works (Gaglio and Katz, 2001). More precisely schema theory addresses the way how an individual seeks to find patterns that match between the stimuli of the environment and the information she already has (Sherman, Judd, and Park, 1989). If match is found, individual proceeds to action (Gaglio and Katz, 2001). This is where an individual can locate good luck, as in "I just was lucky", which would push her to the intended action. However, if the match is not found, an individual notices unexpected issues which require processing of the new information (Gaglio and Katz, 2001) and action is postponed. In this case the perception of bad luck is likely, and it illustrates that the way of thinking or acting is not beneficial the goal seeking behavior. This suggests that if luck can be perceived, it is not only dependent on external randomness, but is related to individuals' behavior. This is, however, not widely addressed in previous research, but instead scholarly interest has left luck as uncontrollable and external to an entrepreneur.

In its core luck covers things that can go well or ill, due to conditions beyond individuals' cognitive or manipulative control (Rescher, 1990). Gatewood and the others (1995) defined luck as an external, meaningless coincidence, varying cause of success or failure. Thus, successful entrepreneurs can be luckier than unsuccessful ones if they encounter better opportunities (Dew, 2009; Görling and Rehn, 2008). This belief is strong enough to make people think that lucky or unlucky outcomes are guided by individuals' personal characteristics (Day and Maltby, 2003).

Entrepreneurial process requires actions that direct an entrepreneur towards her goals and which are overshadowed by uncertainty (McMullen and Shepherd, 2006). Uncertainty has surely part in the outcome of an entrepreneurial process, and intriguingly individuals tend to attribute expected outcomes to their skills and efforts whereas unexpected outcomes are considered to be uncontrollable and external, and thus, caused by luck (Liu and De Rond, 2016). These *ex-ante* unanticipated outcomes can be useless for the entrepreneur, but their features can be adapted to some other context (Dew, Sarasvathy, and Venkataraman, 2004; Garud, Gehman, and Giuliani,

2018). Consequently, an entrepreneurial individual should not blame bad luck if she has not taken any actions towards the intended goals (Eckhardt and Shane, 2003).

Fitza (2014; 2017) addressed that firm's performance is composed of: CEO's abilities and luck and random issues. McGahan and Porter (2002) found that half of firms' performance variance cannot be explained by factors related to the firm or its industry. This is supported by Liechti and the others (2017) whose results show that luck can explain over 1/5 of the firm performance even if entrepreneurs rank luck as the least important success factor. Factors minded as more important cover hard work, experience, and talent (Liechti, Loderer, Peter, and Waelchli, 2017), all of which are subject to entrepreneurs' own control. This implies that even subjectively luck is considered as an uncontrollable factor, and that entrepreneurial success is mostly an outcome of entrepreneurs' skills and sweat. Having this kind of cognitive orientation supports entrepreneurs' persistence in entrepreneurial activity and actions (Gatewood, Shaver, and Gartner, 2005). In management research the scholarly debate argues whether management should be awarded for unexpected positive outcomes (as they are consider caused by management's skill) or punished for ill outcomes (if they are cause by external mishaps) even if there is not clarity about the relationship between skill and success/non-success (Liu and De Rond, 2016).

However, it has been argued that factors such as serendipity, accidents, and changing circumstances (Dew, 2009; Watson, 2013) define entrepreneurial success more than controllable factors. Under high levels of uncertainty and complexity, success can also be caused by chance (Denrell, 2004; Fitza, 2014). Still, under these conditions scientific discoveries, evolution of novel concepts and serendipitous moments are accounted for individuals' capability to connect the dots and craft meaningful explanation for observations, and finally take actions to address these (Liu and De Rond, 2016; Johnson, 2010).

Accordingly, the effect of luck on firms' performance is highly debated. Scholars argue that luck is positively correlated with firm performance, but is not a decisive factor (e.g. Liechti, Loderer, Peyer, and Waelchli, 2017); whereas others hold a different view (e.g. Fitza, 2014). At firm-level luck has been defined as firm performance beyond CEO's control (Bertrand and Mullainathan, 2001). In comparison, the scholarly interest in decision making outside of its rational domain has addressed the role of intuition (Burke and Miller, 1999; Dane and Pratt, 2007) by illustrating intuition as a product of experience (Weick, 1995), learning and knowledge, among others, and concluding that intuition is conceptually close to a skill to-be-learned (Dimov, 2007). This resembles concept of skillful luck according to lucky events are preceded by skillful achievements, such as having right knowledge about something (Hales, 2016). In psychology, however, the scholarly interest emphasizes that when evaluating performance variances luck is often mistaken as skill, but their interaction is undecided (Liu and De Rond, 2016). Again, Barney (1986) addressed that luck can lead to an improved access to knowledge that will generate competitive advantage. Following this Liechti and the others (2017) noted that entrepreneurs mind luck relevant in gaining customers, finding the right business idea, and developing useful networks supporting their businesses. These views blend the timely occurrence of luck: Does luck happen before or after an action?

Gartner (2010) addressed that luck can determine entrepreneurial actions more than purpose, implying that the value of luck might have converse role in success: Luck guides the actions and the related outcomes. Such view that actions are the center of entrepreneurship field is anchored by other scholars (Jiang and Tornikoski, 2018). Liu and De Rond (2016) note that luck favors those willing to pursue new way to make progress. Through these lenses Dew (2009) discusses serendipity as a concept revolving between search efforts and accidental discoveries. This implies that serendipitous moments do not exist without action (search effort), and that individuals searching for new opportunities, for instance, have control over their actions, but not over the (accidental) outcomes. According to Dew (2009), the search effort overlaps also with prior knowledge that guides the search effort but also enables the individual to recognize the value of the discovery whether is accidental or expected. These also imply that construction of luck has a temporal aspect. Liechti and the others (2017) addressed this indirectly by investigating the subjective perceptions of luck in different phases of entrepreneurial career.

Put together the three triggers, unclear construct definition of luck, tension around the predictability of luck over performance, and the value of luck, provide interesting gaps to addresses through an empirical assessment. In this study, we employ qualitative research design in order to revisit and

contextualize the luck construct by empirically investigating luck from a bottom up way about how luck is constructed among entrepreneurs. Moreover, we locate entrepreneurs' constructions of luck in timely occurrence in order to extract factors that precede luck.

Data and Methods

Research design and data collection

In order to address entrepreneurs' construction of luck, our study relies on an inductive research design (Gioia, Corley, and Hamilton, 2012) based on narrative life-story interviews (Kevill et al., 2015). Data were collected from National Public Radio's interview series entitled "*How I Built This*" which focuses on "innovators, entrepreneurs, and idealists, and the stories behind the movements they built." In total, we have collected 87 interviews of service and/or product based ventures, such as Airbnb, Burton, Chipotle, LinkedIn, Patagonia, Starbucks, and We-Work, operating in various industries. These 87 interviews represent all interviews uploaded on "*How I Built This*" program from September 2016 to September 2018. The interviews were moderated by a single monitor, who asked the founders about the venture creation process and their circumstances in a chronological manner. The interviews were semi-constructed and lasted from 32 to 52 minutes. Table 1 provides a brief summary of 10 of the 22 interviews used in this study.

Table 1: Selected sample of studied cases

Uploaded date	Interviewee	Case	Brief description ^{a)}
2016-09-19	Kevin Systrom and Mike Krieger	Instagram	Social media firm Instagram was founded in 2010. It provides a photo and video-sharing services. Instagram was acquired by Facebook in 2012.
2016-10-03	Gary Erickson	Clif Bar	Clif Bar produces organic energy foods and drinks. Company was founded in 1986.
2016-10-17	Joe Gebbia	Airbnb	Airbnb operates an online marketplace for leasing or renting short-term accommodation. It was founded in 2008.
2016-12-12	Yvon Chouinard	Patagonia	Patagonia was founded in 1973 and it manufactures, markets, and sells sustainable outdoor clothing.
2016-12-26	Dave Gilboa & Neil Blumenthal	Warby Parker	Warby Parker is an online retailer of prescription glasses and sunglasses. It was founded in 2010.
2017-01-16	Beto Perez & Alberto Pearlman	Zumba Fitness	Zumba Fitness is known for its trademark exercise fitness program Zumba. Zumba Fitness was founded in 1999.
2017-01-16	Seth Goldman	Honest Tea	Honest Tea manufactures and sells bottled organic tea and it was founded in 1998.
2017-01-23	Tony Hsieh	Zappos	Zappos is an online shoe and clothing retailer. It was founded in 1999 and in 2009 Amazon bought it in 2009.
2017-02-13	John Zimmer	Lyft	Lyft provides on-demand transportation service through its mobile app. Lyft was launched in 2012.
2017-10-02	Gary Hirshberg	Stonyfield Yogurt	Stonyfield Farm manufactures organic yogurt. Farm was founded in 1983. In 2014 Group Danone purchased the company.

^{a)} Source: Wikipedia

During the interviews, the interviewees were asked to describe why and how they have decided to create the business. They were then asked to describe in details about the concrete activities carried out during the new venture creation process. The monitor inquired these entrepreneurs to describe their venture creation processes from the pre-entry stage (Katz and Gartner, 1988) through to the time when the entrepreneurs considered themselves successful.

Data coding and analysis

In line with our aim of understanding how luck is subjectively constructed, data coding and analysis consisted of three steps. Through conducting these steps, we were able to identify patterns of when luck is defined and how luck is perceived within and across cases. At this stage of the paper, we have finished analyzing 22 interviews.

First, we started documenting when each entrepreneurs talk about “luck” during their venture creation processes. On average, entrepreneurs mentioned about two times “luck” per case. We draw time lines for each case, and carefully identify the moment when entrepreneurs perceive luck.

Secondly, we built explanation around entrepreneurs’ construction of perceived luck. To do so, we revisited all interviews and coded the conditions for the occurrence of luck. We ordered these conditions chronologically on the time lines. To inductively find patterns of these conditions across cases, we used systematic qualitative analysis (Gioia, Corley, and Hamilton, 2012) in which interviewees’ narratives were structured and coded into first order concepts, second order themes, and aggregate dimensions. Figure 1 summarizes the overall data structure of our inductive coding and Figure 2 shows an example of conditions of luck on a timeline.

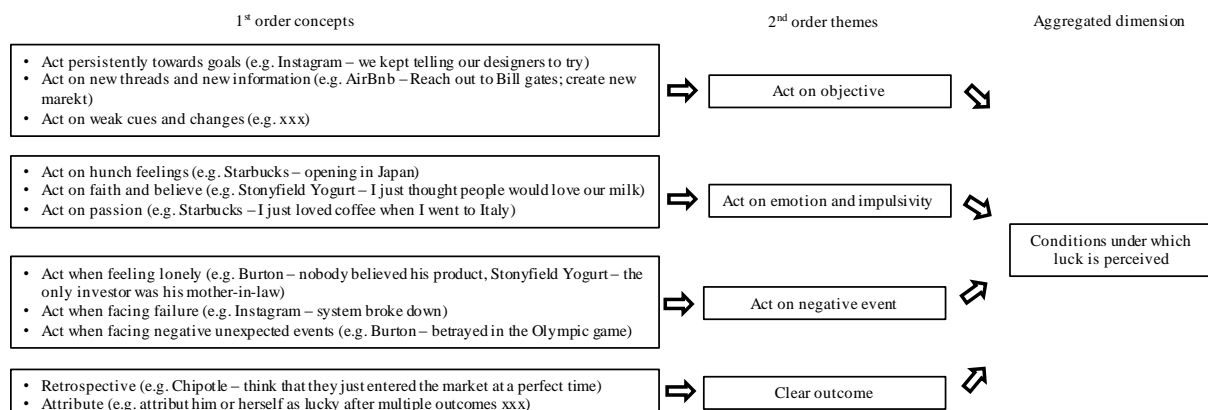


Figure 1: Data structure of conditions to perceived luck

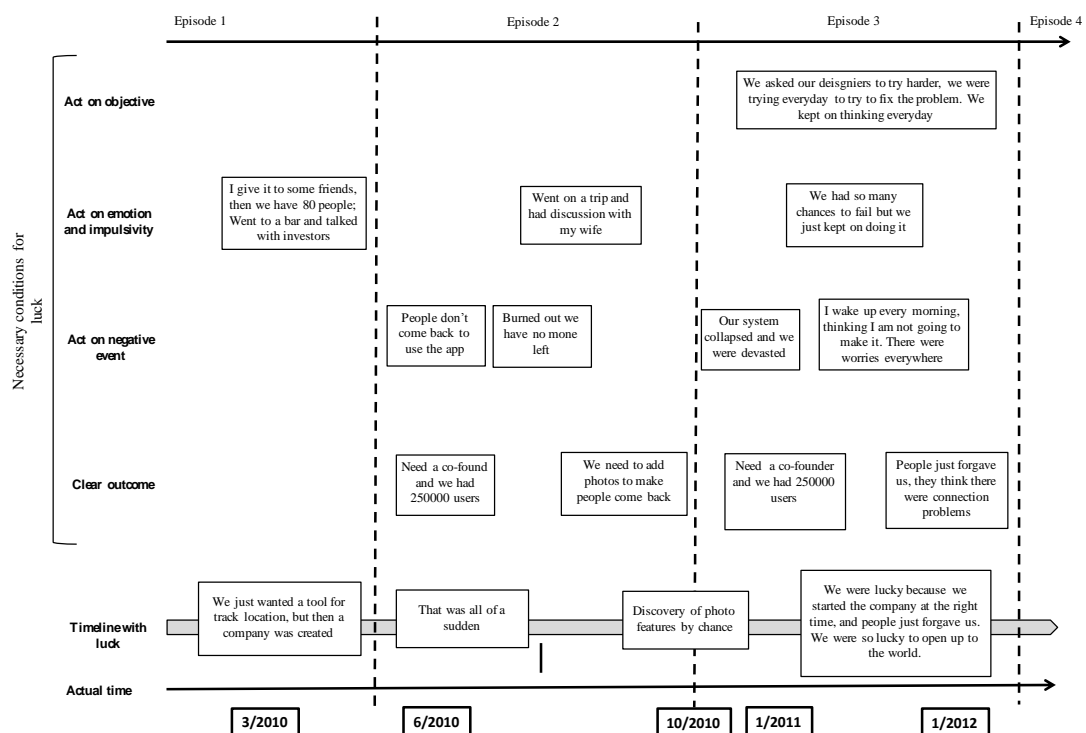


Figure 2: Instagram – timeline and conditions of luck

Finally, we moved our unit of analysis from luck instance level to the firm level by engaging in a comparison of similarities and differences between how entrepreneurs perceive luck throughout the 22 selected cases. To do so, we developed a series of tables (some of which are included in the Findings section below) representing the differences in the various aspects analyzed. For example, based on our time line and data structure developed in the earlier stage, we tracked and compared the relative time length from the occurrence of first condition to the moment when entrepreneurs define luck. This step allowed us to see that, relatively, luck can happen in a quick or slow momentum. It also allowed us to see how conditions varied under quick luck and slow luck. Throughout this last step of data analysis, we actively reflected on how the connections could be explained theoretically in both entrepreneurship literature and management literature in general. Similar qualitative data analytical skills are used in several recent publications (e.g. Jiang and Ruling, 2017).

Overall, the coding and data analysis followed a rigorous iterative process. All interviews were transcribed, and the data was analyzed in a systematic and consistent manner. Coding was conducted by two researchers who analyzed data separately before combining their results. Two cases' coding of the conditions was compared in order to check the validity of the coding. In addition, the coding structure and the flowcharts for the cases were reviewed several times by two scholars.

Results

Based on our analysis of how entrepreneurs perceive luck in the first 22 analyzed cases, we inductively found four necessary conditions that explain why and how the perception of luck occurs. As we have outlined in the Methods section above, these conditions help us to differentiate temporality as a characteristic in the luck construct. In this section, we first illustrate the four necessary conditions before addressing how these conditions inform quick luck and slow luck.

Act on aspiration

The first condition emerging from our data that explained how entrepreneurs perceive luck was entrepreneurial actions towards aspirations. We found that persistency, open-minded, and altered to weak-cues were the three elements that characterize entrepreneurial actions towards their aspirations. We found that entrepreneurial actions were consistently mentioned before entrepreneurs talk about their moment of luck. Most of the ventures over 22 reported the association between act on aspiration with perceived luck.

For example, the founders of Honest Tea, said in the interview that although nobody had the notion of less sugary tea, over years, they have continuously tried various ways to connect with customers. His conveyed his perception of luck as: *"We are lucky, but we are not lucky, I think we just found a way to connect with customers, because we were resilient, and we learned how to fight on my back, experience rejection, especially when you believe in it."*

The founding family of Five Guys, a hamburger chain, learned about a little hamburger place, which did not sell anything else than burgers, and people came from other side of the town to eat them. They came across another similar moment during their vacation during which they saw that one of the several fries stand stick out of the others with long line of customers. These events made them to aspire a hamburger shop where keeping things simple was and is the goal.

Similarly, when founders in WeWork first had their idea of renting out spaces, they reached out to find cheap spaces to lease in Brooklyn. For a long time, they told the interviewer that, as they were new to the neighborhood and had no business plan at all, they kept on receiving doubtful attitudes and negative replies. After living through weeks of "no" from everybody, the founders said that one day they got lucky. One of the renters, with whom the founders persistently talked with, got back to them and said that he could rent them another warehouse building. And it was only when the founders had obtained the lease contract had they started to think about how to use the spaces, which evolved along the venture creation process. The founders associated their persistency as one of the important antecedents for the lucky event. The stories from Honest Tea, Five Guys, and WeWork provides evidence that acting persistently while keeping different options open are associated with perceived luck.

In addition, we also found that altered to weak-cues and changes could be necessary conditions under which entrepreneurs perceive luck. The CEO of Instagram, for example, said in the interview that: *"The world runs on luck, the question is: Are you alert enough to take the luck? Do you have enough resilience to stay with it? You got lucky, and it is up to us to make it awesome."* More concretely, Instagram's business idea evolved several times along the venture creation processes thanks to weak cues. Its apps were first designed to track location, before it transformed into a camera, and then end up with a social platform on which people can post pictures. The CEO associated luck with launching the idea at the right moment, happened to develop the right tool at the right moment, happened to choose a global model. In each of those moments he talked about in the interview, we coded that the CEO stayed very much altered to weak cues. The company added the filter for camera after a conversation the CEO had with his wife alongside a beach.

Act on emotion and impulsivity

The second condition we inductively identified from our data was related to entrepreneurial actions on emotion and impulsivity. We found that act on hunch feelings, on faith and believe, and passion were consistently mentioned in before entrepreneurs perceive luck. Most of the ventures over 22 reported the association between emotional and impulsive actions with perceived luck.

Before ventures perceive luck instance, a lot of the actions are associated with acting based on hunch feelings. For example, when Starbucks would like to expand their market in Tokyo, Japan, the CEO received enormous contradictory voices from his board directors, shareholders, and external consultant firms. The latter ones considered Tokyo as an unattractive market and told the CEO that it was going to be a disaster if they want to go to Japan. In addition, the public voices favored of believing that large American coffee shops would not be expanded over America. Despite all the negative advice received, the CEO have decided to enter the market, which in turned resulted a spectacular market expansion for Starbucks. This event was identified as a lucky event for Starbucks. When being questioned why such action was taken, the CEO simply replied: *"I don't know why, I just think we need to go there."*

Similarly, actions taken based on personal or team faith and believe emerged as a strong data pattern associated with perceived luck. For example, the CEO of Stonyfield Yogurt, said that after tremendous efforts they put in fund raising, they finally got lucky and had their own factory and became profitable in 1992, 9 years after the venture was founded. He later said that *"believe in yourself no matter what happens, you will always find your luck."*

Act on negative events

Our data also provided very interesting insights about the association between perceived luck and actions towards negative events. These negative events include when entrepreneurs feel lonely, when they face failure, and when negative unexpected events occur. Most of the ventures over 22 reported the association between act on negative events with perceived luck.

Actions under negative events come together with perceived luck. For example, the founder of Chesapeake Bay Candle, Mei Xu, described how "unexpected harvest" occurred when she and her team successfully found a recipe of candle mixing after weeks of experiments in her kitchen. Such motivation of experimenting and mixing their own candles was a response to a complete disaster of the founder's initial business idea, which was oriented towards gifts, home, and fashion. They thought going to New York gift show with their initial business idea was a ticket to success, but it was a complete disaster. This negative event set the conditions for multiple actions to search a better way to combine home and fashion.

For Patagonia unrealistic goals of fast growth were hit by the economic downturn in 1990 and the possibility of failure was visible for the first time in their history. Correction was difficult, because there was no money available. This lead to Patagonia to realize that only way out of that is to make decisions that make sure that the firm will exist for 100 year. Patagonia's "growth program" was actually about "saying no to many opportunities and being more responsible", which has turned out as an advantage for Patagonia.

Most the stories in our data showed that negative events were necessary condition to perceived luck. In Burton's case, as snowboard was not known to public by then, the founder had to face a long

period of working on his own and pursuing his dream when feeling lonely. As expressed by the founder: “*I felt so lonely, and dark, but... I continued to work on my dream.*” Similarly, the founders of AirBnB described that they were lucky as to have their first set of investors. They told the interviewees that the investors did not consider their business model (renting out apartment) cool, but rather he was impressed about how the two founders sold cereals with Obama portray and sustained their venture under difficult time.

Clear outcome

Our data also informed us that the awareness of a clear outcome is a necessary condition for entrepreneurs to perceive luck. During all our interviews, we found that luck is a retrospective construct and is attributed after the occurrence of clear outcomes. This was shown in most of the 22 interviews.

In all luck instances we identified, we noticed that clear outcome is a necessary condition for perceiving luck. All entrepreneurs in our data consider an event lucky only after the event happened in the realized world. In other words, before an event actually happened and yielded an outcome, entrepreneurs do not perceive luck. Based on our time line, we clearly see that entrepreneurs perceive luck after the occurrence of the event. They did not perceive luck during the process. For example, although the CEO of Instagram considered the venture runs on luck. Such perception of luck was not formed when they their servers broke down, or when they need to develop the apps over and over again. Similarly, the CEO of Starbucks did not consider himself lucky before they have successfully expanded their market to Japan. Therefore, we conclude that to perceive luck, whether good luck or bad luck, the cause happens before the perception.

Slow luck vs. quick luck

Our cross case comparison on the time line and the conditions also revealed interesting insights on the temporal aspect, illustrating two types of luck momentum: quick luck and slow luck. Overall observations suggest that luck has momentum. Luck momentum represents an image through which entrepreneurs start to envision or perceive their business as lucky without immediate effort of the entrepreneurs. The time before this momentum is filled with entrepreneurial efforts and actions. And this is why the relative time length pointed us towards two types of luck momentum, which we call quick luck and slow luck. Quick luck means the time length between perception as lucky and conditions of how luck happens is relatively short and action follows relatively quickly; whereas slow luck means the time length between perceptions and conditions is relatively long as compared to the overall time line.

Both quick luck and slow luck are outcomes of the four conditions described in the previous subsections. We also found that the necessary conditions for quick and slow luck differ in an entrepreneurial context. We are now in the process of comparing how conditions mentioned above vary for quick luck and slow luck.

Discussion and Implications

In this paper we ask how entrepreneurs construct luck. Our results from analyzing interviews of 22 entrepreneurs from various industries suggest four necessary conditions associated with perceived luck. In particular, these conditions imply that actions under certain circumstances and outcomes of actions are conditions of luck entailing how entrepreneurs construct luck in their narratives. In addition, our timelines show how these conditions differ in quick luck and slow luck. Relying on our data, our empirical findings yield interesting insights for literature around luck, and extend the current understanding of luck.

Scholarship in management and entrepreneurship has placed some effort in including an “error” term when explaining why some entrepreneurial individuals succeed and other will not. Still, the influence of luck on firms’ success is highly debatable (Fitza 2014; Quigley and Graffins, 2017). In this study we argue that such tensions stem from the ambiguity of how to objectively measure luck (Göring and Rehn, 2008; Liechti, Loderer, Peyer, and Waelchli, 2017) and from assuming that external randomness dictates entrepreneurs’ success. Instead of following the idea of luck being purely external, our results illustrate how luck is formed through entrepreneurs’ personal aspects and not as random acts of chance of an external occurrence.

The four conditions, *act on aspiration*, *act on emotion and impulsivity*, *act on negative events*, and *clear outcome*, have the potential to overcome possible attribution biases which cause misperceptions, especially the underestimation of the role of luck in performance (Liu and De Rond, 2016). The conditions of luck imply that the perception of luck does not have shortcuts, but instead it is perceived through actions on what entrepreneurs face during entrepreneurial process. These conditions also anchor with Hales' (2016) philosophical work that discusses necessities of luck.

Dew (2009) addresses how serendipity is related to prior knowledge and systematic search. Instead of conceptualizing luck as an accidental discovery, we recognized four conditions of luck. Luck, however, shares similarities with serendipity—both are situational and require action (Dew, 2009) and that both have a role in entrepreneurial process. We claim that luck, instead of systematic search (Shane, 2000), requires the existence of four conditions that source from entrepreneurs' action on various event taking place in her realms. Luck, just like serendipity, itself will not make anything happen: One will not be lucky without having the pieces of a puzzle to fill (Johnson, 2010). Johnson (2010) as well as Baron (1998) detail a challenge of creating an environment which enables and boosts the connecting the dots.

Our findings are partially opposite to the “hard work matters the most” discourse shown in previous research. It has been argued that the role of luck and chance are subordinate to hard work, talent, and experience as Liechti and the others (2017) found. We claim that for instance traits, such as passion, resilience and hunch (Allinson, Chell, and Hayes, 2000; Bullough and Renko, 2013; Cardon and Kirk, 2015) matter for luck. Well, Liu and De Rond (2016, 416) discuss that individual's perception of success and failure depend on their aspirations, and different aspirations lead to asymmetrical attributions of luck: Low aspirations increase the belief in skills.

In his work on serendipity Dew (2009) leaves the temporal aspect vague and frames serendipity and its necessities—resources, events and actions—as overlapping concepts. Thus, the temporal aspect of the conditions of luck illustrates two types of luck momentum: quick and slow luck. Slow luck resembles the idea of slow hunch which is illustrated in the development processes of various innovations over time. The human brain consciously or unconsciously organizes information and even creates contradictory discoveries, which may later occur as a sensible, novel idea. (Johnson, 2010). Therefore, the subjective experience of time infers the concept of luck as an exogenous construct based on randomness, and emphasizes luck as entrepreneurs' subjective experience.

Moreover, our findings on the differences in the conditions of quick and slow luck suggest that previous research has provided us with narrow insights regarding how luck can be measured. Thus, our results will contribute to scholarship on entrepreneurial process and success. The entrepreneurial outcomes, such as firm performance, survival rates, are sufficient conditions for perceived luck. Luck does not exist without the recognized conditions; Luck does not appear without actions (see Gatewood, Shave, and Gartner, 1995). This means, in the context of luck, the consequence comes before the cause. This view challenges all existing literature that measures the effect of luck over organizational or entrepreneurial outcome (Fitza, 2014; Liechti, Loderer, Peyer, and Waelchli, 2017). Because without a clear view of the consequence, either positive or negative, there is no narrative around the luck construct. Consequently, we question the assumption around consequences as the function of luck.

Finally, our findings imply that the entrepreneurial outcomes, such as firm performance, survival rates, are sufficient conditions for perceived luck. This means, in the context of luck, the consequence comes before the cause. This view challenges all existing literature that measures the effect of luck over organizational or entrepreneurial outcome (Fitza, 2014; Liechti, Loderer, Peyer, and Waelchli, 2017). Because without a clear view of the consequence, either positive or negative, there is no narrative around the luck construct. Consequently, we question the assumption around consequences as the function of luck.

Our study has important implications for entrepreneurs. Most importantly, by unveiling the processes through which luck is constructed, we show that randomness does not play an important role during new venture creation processes. Entrepreneurs, therefore, should strike on taking actions, reinforcing personal traits, and coping with negative events rather than counting on the luck effect.

Limitations and future research

Despite the intriguing findings, our study has limitations that provide interesting opportunities for future work. For instance, our sample covered only successful entrepreneurs who have, despite the flow of their entrepreneurial process, reached successful, legitimate businesses. For them the luck, despite its initial nature (good or bad luck), has been either an enhancement of right direction of actions or a sign of improvement all of which have enabled successful venture creation. If future research would be able to attract a more heterogeneous sample of entrepreneurs, the construction of luck among the less successful entrepreneurs might reveal additional conditions of luck.

As the assessment of luck can vary dramatically over time when one evaluates events afterwards (Rescher, 1995), luck or similar constructs were not directly addressed in the interviews. However, in couple of occasions the interviewer reflected luck as part of the questions on success, but interviewees were not directly asked to describe luck or similar constructs. Instead, the interviewees were asked to reflect the origins of their firm, different phases of its development, others involved, major decisions they have made, for instance. Thus, the interviews reflected the past of their entrepreneurial career, actions, and their firm.

In conclusion, our study highlights the need to develop timely and contextual understanding of the creation of luck. Luck is, based on our findings, entrepreneurial efforts and actions which are conducted during the venture creation, development, and growth processes.

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