III. Chapter two – The entrepreneurial character of decision-making

1. Introduction

Ever since their coming into the world, humans strived to survive. Indeed, this is not specific only to human beings, but to every living being. Nevertheless, why we did so well in this respect is a question which regards only us.

Perhaps in the Stone Age[13] humans did not have much knowledge, although they could have made good use out of it. When some tribe found some new and unknown fruit, they knew they could not afford to pass that opportunity away. They had to know if that fruit was eatable, and so, eligible to become a new asset in their fight against starvation. But they had no idea if that was so, that fruit being of unknown color and form. They had only one chance: to risk, to try and see what will happen. One of them was chosen and he ate the fruit. After that, the tribe acquired new knowledge, even if sometimes this knowledge came at the cost of one human life.

Fortunately, the process of acquiring knowledge gives us important advantages. It is a cumulative process and knowledge can be communicated. It is cumulative, because we need not try two times the same poisonous fruit and we need not be in doubt twice whether to eat a healthy fruit. Knowledge can be communicated, because one life is enough for the other members of the tribe to know what to keep their hands off.

Of course, there are some inherent difficulties that come bundled with the process of knowledge. Acquiring knowledge is not an easy task; it is a very hard and arduous process. After all, it is not so easy going into the complete unknown and trying to shed some light there. The world is immense and by acquiring knowledge we fathom only an infamous part of it. So, the incompleteness of knowledge is something that we should get used to it. The other problem is that knowledge is inherently uncertain, although to the unadvised it may not look so. After all, not only in the Stone Age people died by eating poisonous food, even today people die by eating poisonous mushrooms that look identical with the eatable ones. Although for the advised the differences overwhelm the

[13] This is not to talk about a different culture which is inferior to ours. We refer to that period as we refer to the child in comparison with the grown adult. It is meant as an earlier stage of a historical process, not as a different process.

apparent similarities between the so different (in terms of the consequences of eating them) mushrooms, this certainty (of knowing for sure how to differentiate them) comes at the cost of being fooled at least once by what we thought to be sure ground and proved to be otherwise (not everyone must be fooled because, fortunately, knowledge can be communicated).

This chapter will enquire about our doing so well in a world full of mystery and surprise, about our abilities that permitted us such accomplishments. The line that will be followed will be one of economic thought[14]. Precisely, what will be restated here, are things said by I. Kirzner, who in turn developed and built on insights had by L. von Mises and F. Hayek.

2. Homo Economicus

Survival is an important end, perhaps the most important one. Besides it we have many other ends. But, we live in a world with limited resources. We can not accomplish all our ends. Every moment we have to decide for what ends we should employ the available means; and this is something every one of us must do. In the words of Kirzner:

'The basis of the economic analysis of individual decision-making is found in its economic aspect. Since the classic discussion by Lord Robbins (An Essay on the Nature and Significance of Economic Science, 1932), the economic aspect of individual activity has been understood in terms of the allocation of scarce means among competing ends. Each individual is seen as confronted with an "economic problem" – the problem of selecting those courses of action, with respect to given means, that will secure the fulfillment of as many goals (in order of their significance) as possible. This problem is sometimes expressed as that of securing efficiency, or as "maximizing" goal satisfaction.'[15]

[14] Why this is chosen should not come as a surprise. After all, the economist is the one which is oriented, at least implicitly, towards practices of maximization. He is the one which observes human practices in which we are all involved, more or less. And so, by starting from concrete situations, rather than by mere hypothesizing, he is in a better position to realize what abilities are those which permit us to be so successful.

[15] Competition and entrepreneurship, pg.32

The situation seems clear: we can choose with ease examples which show that we are confronted with the 'economic problem'. If we are in a supermarket, we have to decide how to spend our money. If we are careful enough, then we could calculate what the optimal course of action is (which will best satisfy our goals). All would come up to a computational problem, of distributing the scarce means (the sum of money allocated for shopping) between competing ends (the products we want to buy). Suppose that we want to buy apples and oranges and that we have the same preference for both of them. Then, the best course of action is to buy equal quantities of both. This course of action can be decided by mechanical computation, by calculating how much money to spend on apples and how much on oranges. If apples are twice more expensive than oranges, then we should divide our budget by three, and use two parts for buying apples and one for buying oranges. In this way we will optimally achieve our ends, of buying apples and oranges, for which we have an equal preference. In the same situation, if we would spend all our money on apples, we would not optimally achieve our given ends. To be sure, this kind of calculus is not always that simple, but with given means and ends there is some course of action which is best.

We can observe this kind of behavior whenever a person has some ends which he tries to achieve. This can be misleading and could lead us to think that maximization is an essential characteristic of our actions. But, we must overlook an important step to get this picture. In Kirzner's words:

'Being broader than the notion of economizing, the concept of human action does not restrict analysis of the decision to the allocation problem posed by the juxtaposition of scarce means and multiple ends. The decision, in the framework of the human-action approach, is not arrived at merely by mechanical computation of the solution to the maximization problem implicit in the configuration of the given ends and means. It reflects not merely the manipulation of given means to correspond faithfully with the hierarchy of given ends, but also ***the very perception of the ends-mean framework*** *within which allocation and economizing is to take place'*[16]

Now, the point can be put clearly. The allocation problem is indeed one of choosing the optimal course of action. But, the choosing must be made between courses

[16] Competition and entrepreneurship pg.33

of action that are predefined by the ends-mean framework. Once we suppose that the ends-mean framework is already in place, we can calculate what employment of means would best achieve the ends. But, to put emphasis on the method of maximization is not to look at the whole picture. The optimal course of action within a given ends-mean framework is optimal in respect only to that given framework, and leaving unanswered the question of the adequacy of the framework itself does not shed much light on our problem. The problem is that:

'A multitude of economizing individuals each choosing with respect to given ends and means cannot, without the introduction of further exogenous elements, generate a market process (which involves systematically ***changing*** *series of means available to market participants)'*[17]

By focusing on maximization, we necessarily leave out of the picture the first step, that of how a specific ends-mean framework comes into place. It is true that we can pick out any action and that we can evaluate it by its economic aspect. For any particular action, given the ends-mean framework, we can decide if it is optimal. But, by doing this, we can not answer how our ends-mean framework changes. We are compelled to let the coming into place of the framework beyond our understanding. The point can be put in a different vocabulary (that of the first chapter). At any moment, a person has a set of given rules to which he is committed to. That he tries to follow those rules follows analytically, because to be committed to a rule means just to try your best in following that rule. Likewise, to be committed to an ends-mean framework means just to do your best in reaching the ends by the means.

But, what is expressed by the quest for optimality in respect to a given ends-mean framework can be traced back to the earlier step. Why are we committed to some rules and not to others, why are we committed to some ends-mean framework and not to others? Why, for example, when we think of someone that committed suicide we do not think in the first place of how successful he followed his rule, of how optimally did he achieve his ends? Why this kind of ends-mean framework is not chosen by the vast majority of us? The answer is that we raise the problem of optimality only after we

[17] Competition and Entrepreneurship pg.33

accepted that a specific ends-mean framework is in place and that the problem concerning the adequacy of the framework itself is dealt at an earlier step.

If we would be omniscient, then things would be very simple. Our plans would be absolutely correct and all that we would have to do were to wait for them to unfold completely. Being omniscient, we would choose the best course of action for the achievement of all our ends. Furthermore, there would not be any end that would prove incorrect, in the sense that we would come to see that we should have not even tried to achieve it.

Unfortunately we are not omniscient. Our knowledge is incomplete and uncertain. We should always keep these characteristics before our eyes, because they are always with us. But there are ways to obscure them, to lose sight of them. One of them is to put emphasis on the 'economic problem', on the maximization aspect of our actions (in a *given* ends-mean framework). With the framework being already given, we are confronted with a puzzle type problem. We just have to search for the correct (optimal) solution, which is already predefined by the framework. Of course some of us are better at solving puzzles; some of us will find the optimal courses of action and others will not. It may seem that this search for the optimal courses of action is the most important one, that by solving this kind of problem we solve all there is to solve. Being in this paradigm, we might think that the knowledge problem is reduced to calculating what the optimal course of action is.

Let us get some perspective. We live in a world full of mystery and uncertainty. Somehow we have to overcome this problem. We have to move in a familiar setting, so we have to make it familiar. By establishing an ends-mean framework we accomplish exactly this. We provide ourselves a setting for our action to take place. The ends-means framework provides us the possibility for rational action, in the sense of action directed towards the maximization of our ends (provided by that very framework). But we can concern ourselves with maximization (in a given ends-mean framework) only as long as we perceive that framework as adequate. We can try to maximize as long as we leave the problem of uncertainty behind, because as long as an ends-mean framework would be endowed with full-blooded uncertainty there would be no such thing as the optimal course of action. So, establishing an ends-mean framework is a necessary precondition for the very possibility of maximization. Thus, we must seek to understand maximization by finding its place in the scheme which starts with the establishment of the framework itself. By separating these two aspects and by looking for essential characteristics only in the first one, we give up perspective and we get only uncorrelated pieces.

3. Homo Agens

Mises had this specific insight, of bridging the two steps: that of the very perception of the ends-mean framework and that of maximizing in respect with a given framework. He says:

‘We call contentment or satisfaction that state of a human being which does not and cannot result in any action. Acting man is eager to substitute a more satisfactory state of affairs for a less satisfactory. His mind imagines conditions which suit him better, and his action aims at bringing about this desired state. The incentive that impels a man to act is always some uneasiness. A man perfectly content with the state of his affairs would have no incentive to change things. He would have neither wishes nor desires; he would be perfectly happy. He would not act; he would simply live free from care.

But to make a man act, uneasiness and the image of a more satisfactory state alone are not sufficient. A third condition is required: the expectation that purposeful behavior has the power to remove or at least to alleviate the felt uneasiness. In the absence of this condition no action is feasible. Man must yield to the inevitable. He must submit to destiny.

These are the general conditions of human action. Man is the being that lives under these conditions. He is not only homo sapiens, but no less homo agens.’[18]

The Misesian insight was about what sets off human action in the first place. He started by noticing when a human being would not act. If we would be perfectly content with how things are, then we would not want to change anything. We would not act. Action becomes feasible only when we are not perfectly content. We act so much only because we are not perfectly content. So, the necessary precondition for us to act is some uneasiness. Would this uneasiness be absent, then we would not want to change anything.

[18] Human Action pg 14-15

This uneasiness need not be specified in any way[19], for it to play its specific role, namely driving us to act. At this first step it is sufficient that we are not perfectly content, for us to want to make a change. Our desire to change things starts from a negative insight. We are in some condition and we know that it is not good enough, that it is not perfect. And we know this in the sense of feeling uneasy about it. If this feeling would be totally absent, then we would be completely happy. Indeed, this amounts exactly to the complete absence of action, to the complete absence of uneasiness. That some uneasiness is what drives us to act need not be justified positively. This is not a point about our mental states and about our neuronal connexions. It is not a point that could be decided by analyzing our brain. This uneasiness is a condition of possibility for action. Actions change the world. So, in order to act we need to want to change the world. And wanting to change the world is possible only if we are not perfectly content; and not being perfectly content means that we are somehow uneasy about our current state. For if this would not be so, then we would not want to change anything; we would not act. As long as we act, we do it because we have this uneasiness.

The understanding of this point might be obscured if we see it only from our point of view, that of acting humans. By seeing things only from our perspective, we run the risk of not being able to see the specific role of action in our lives. By not getting enough perspective we may become too puzzled by what is omnipresent in us, by action. But, by keeping in mind the fact that there are other ways for human beings to live we can also understand our way better. That Nirvana is a state in which action disappears from the picture and that its purpose is exactly the removal of uneasiness could show us something. Precisely, it could show that very different strategies can be employed for achieving the same goal. That these two cultures are so different and at the same time are human cultures can be traced back to one common primary goal (the removal of uneasiness) and two very different strategies (withdrawal from the world by non-acting and involving in the world by acting). So, uneasiness is indeed the condition of

[19] That this uneasiness exists is arrived at by a transcendental deduction. The fact that we act shows that there must be some uneasiness. But by this method we only reach this conclusion. If someone desires to be more specific about this uneasiness, then it is up to him. If he think that it can be proved that a specific uneasiness motivates every human being, then he is the one who has to make this point.

possibility for action, but action is just our (e.g. occidental) specific way with dealing with the specific human problem (our uneasiness).

This unspecified uneasiness is the first condition of human action. The second one is that of conceiving a more satisfactory state. This is a positive step. It consists in giving a specific determination to that uneasiness. It consists in reducing the uneasiness to the inexistence of the conceived state. This reduction is a methodological one. We need not believe that once we accomplish the conceived state we will be perfectly content. It is sufficient to believe that the accomplishment of that state is a small step towards the removal of that uneasiness. Nevertheless, we must believe that that step is a good one; that it will diminish our uneasiness once it is accomplished, or at least that it is possible to diminish it in this way. This is the third condition: '*the expectation that purposeful behavior has the power to remove or at least to alleviate the felt uneasiness'*[20]. Without this our plans will remain idle. They would never be put to practice. We need to believe that our plans could be carried out and that by being carried out they could make a difference.

How this three condition link up together? How do they set off human action? To answer these we should start with the second condition. This is the step where the ends-mean framework comes into play. The ends-mean framework is sustained by the (at least implicit) belief that it will help alleviate our uneasiness. The ends-mean framework is the specific formal structure that our conceived states have. It bridges the gap between the unspecified uneasiness and our concrete actions. We can act only in concrete and determinate ways. So, if we are to have any hope of alleviating a complete indeterminate uneasiness by acting in completely determinate ways, we have to bridge the gap somehow. We need a way of discerning, of choosing between many possible actions. And that unspecified uneasiness can not offer by itself criteria for choosing between actions. In this case we would be at the mercy of pure luck. On the other hand, we learn from experience that some actions are more apt at alleviating the uneasiness than others. So, by acting without criteria we will not be better off either.

How does the establishment of an ends-mean framework help us? The ends-mean framework is a formal structure which permits us to embed in it our past experience and

[20] Human Action pg 14-15

also to take new guesses about what will alleviate our uneasiness. At the same time, it can be evaluated with respect to our ultimate standard, the perceived level of uneasiness itself. By establishing an ends-mean framework we temporarily suspend the indeterminate character of our ultimate goal (the removal of uneasiness). This is so, because our specific ends are seen as proxies for the ultimate goal. In this way, the indetermination is pushed between the proxy and the ultimate goal and we can act in a determinate environment. At this point, all we have to do is to get the best possible combination of available means to achieve the given ends. And this amounts to solving (by mechanical calculus) a maximization problem.

Only now, having in background this new image, we can see what the place of maximization is. Maximizing amounts to reaching the proxy in the best possible way. This is indeed something that some of was do better than others. But, which course of action is better and which is the best can be decided precisely because the ends-mean framework provides a positive criterion for this (specifically the accomplishment of the end). But we should not forget some points. Firstly, by establishing a proxy we take only a guess. Just by choosing a proxy we are not necessarily making a step towards alleviating our uneasiness. This can not be foreseen with certainty. Every time we choose a proxy we hope that we chose wisely. Furthermore, if we are rational, then our past experience must support this hope. But, even so, we can not be sure of our choice of ends until we accomplish them (that they are not feasible we can see before accomplishment too). After reaching the proxy that we set we are again face to face with our ultimate goal. The step that we made might have taken us closer or farther from our ultimate goal. This is something we can only decide by perceiving our level of uneasiness. Now we must start the process again and we must establish a new ends-framework, and with that a new proxy. Designing the new framework, we can embed in it the past experience of designing the old frameworks and of the points where they led us. And for sure, besides adjusting what did not function as expected, we will introduce some completely new elements in our framework.

In conclusion, every one of the three conditions is necessary. The first condition is the one which provides the very possibility for human action. Furthermore, it serves us as the ultimate standard for evaluating our actions. In absence of such a standard our actions would be just uncorrelated pieces of behavior. This standard makes possible an entirely human *activity*, that of Human Action[21]. Only against the background of this *activity*, particular actions make sense. The second condition permits the existence of a structure in which we can embed our past experience and our new guesses. This structure is the stable ground we need to be more than drifters on the winds of chance. Nevertheless, this structure is only formal. Now the third and final condition comes into play. It amounts to our distinctive feature and power, that of deciding to face the world, to involve actively into it. This decision precedes every act of ours. Without it we could not bring anything into existence. That we are not conscious of its omnipresence means only that we got too used with it. Our world, the World of Action starts only when we decide to start filling it with actions. That this is possible only against a background of an ultimate goal which will (probably) be always before us and that we tamed our power by imposing a specific structure on it is something that we can only acknowledge for the time being.

4. We as Entrepreneurs

In this section we will apply what has been said in the previous section to the real situations. We will see how humans move within the framework of Human Action. This will help us understand with clarity how we manage to do so well in the world. To recount with the help of Kirzner's words:

'*Human action, in the sense developed by Mises, involves courses of action taken by the human being "to remove uneasiness" and to make himself "better off". The decision, in the framework of the human-action approach…reflects not merely the manipulation of given means to correspond faithfully with the hierarchy of given ends, but also* ***the very perception of the ends-mean framework*** *within which allocation and economizing is to take place…Mises's* ***homo agens*** *is endowed not only with the propensity to pursue goals efficiently, once ends and means are clearly identified, but also with the drive and alertness needed to identify which ends to strive for and which means are available. Now I choose to label that element of alertness to possibly newly*

[21] Human Action as an *activity* is more that the sum of all actions. It consists also in the pragmatic context that makes every action appropriate or not.

worthwhile goals and to possibly newly available resources the ***entrepreneurial*** *element in human decision-making. It is this entrepreneurial element that is responsible for our understanding of human action as active, creative, and human rather than as passive, automatic, and mechanical.'*[22]

In a world of perfect knowledge the circumstances of a decision are known with certainty. Here, the decision will always come up to selecting the *optimal* course of action in respect to those circumstances. That course will be followed mechanical, at every step in the process being perfectly clear what should be done. In such a world, where there is no place for error, decisions will be indeed mechanical. But we live in a different world, of incomplete knowledge and of uncertainty. It is incomplete because there are many things we do not know yet and it is uncertain because every bit of knowledge can turn out not to be so.

Let us take an example. Suppose that we have two markets A and B. In market A the price for a certain product is 10 monetary units. In market B the price for the same product is 5 monetary units. Initially the users (sellers and buyers) of the markets do not know of the existence of the other market. In this case, if someone would have knowledge of the existence of both markets he could grasp the opportunity for *pure* profit. He could buy the product from market B with 5 monetary units and sell it in market A for 8 monetary units. Thus, he will make a profit of 3 monetary units. It is important to notice that this opportunity is already there, before our entrepreneur in fact grasps it. The opportunity appears (in the sense of becoming visible for someone) when something that is already in place is *perceived* by some alert individual. The opportunity is already there because buyers from market A will readily offer to buy the product for 8 monetary units and sellers from market B will readily offer to sell the product for 6 monetary units. But neither one of them knows of the other. The one who discovers this bit of knowledge grasps an opportunity for *pure* profit that was already there, but that nobody has perceived yet.

For our entrepreneur to *actually* act for grasping the opportunity the three Misesian conditions must be met. Firstly, he must be interested in finding opportunities. Secondly, he must be capable of noticing opportunities. Thirdly, he must actually go on

[22] Competition and Entrepreneurship pg.33-35

to grasp the perceived opportunities. Of course there is a difference between acting for grasping a perceived opportunity and succeeding in grasping it. In the first place, the perceived opportunity may not be a real opportunity (i.e. the real price from market B is also 10, but our man was misinformed). In the second place, he must be able to develop an adequate ends-mean framework which will lead him to grasp the opportunity (i.e. he must find also the means to buy the product from market B, the means to reach market A and so on). In the third place, although the perceived opportunity was real when it was perceived, it must be so also when our entrepreneur's actions get him to the point where he can actually grasp the opportunity (i.e. when he reaches the market A he finds out that other people where faster than he and that the price is now already 6). All this steps must be carried out successfully for him to successfully grasp the opportunity. And the final success depends in part on his abilities and in part on luck. For example it may be of no use the fact that he manages to find the optimal course of action in respect to his ends-mean framework or that, given his context, he chose the best framework. Even so, there may be others who are in an objectively better position to grasp that opportunity (i.e. another entrepreneur has already purchased the product from market B, when the first entrepreneur perceives the opportunity). Thus, in many cases the entrepreneur's abilities can make the difference between success and failure. Nevertheless, the external factors (luck, if we look from the point of view of the entrepreneur in case) can also make the difference. This is so precisely because we live in a world of incomplete knowledge and uncertainty. And our knowledge has an inherent guessing component in it. By extending our knowledge and by developing our abilities we can become better guessers, but we can never leave the possibility of surprise behind.

At this point, we should say a few words about two different knowledge problems[23]. Both stem from the incompleteness of knowledge. The first problem appears when we devise an over-optimistically plan (i.e. due to incomplete information we may believe that we could sell a product at a very high price). In this case we presuppose that some things are true when in fact they are not, that some things will obtain when in fact they will not. This type of problem tends to be *self-revealing.* At some point, the plan will be revealed as untenable. We will not reach the expected outcome, we will be

[23] I.Kirzner 'Knowledge problems and their solutions'

disappointed. In this way we will acquire new information which will help us in redesigning our plans. When some plan will not get carried away successfully we will know for sure that we have a problem and we can start finding solutions[24].

The second problem appears when we devise an unduly pessimistic plan (i.e. due to incomplete information we believe that we could sell only at very low prices). In this case we do not presuppose that some things will obtain, when in fact they could have obtained. This type of problem is not self-revealing. Our plans will get carried out successfully. The problem is that they could have been carried out even more successfully (in the sense that by devising a better plan we would have obtained more profit). This kind of problem will not be necessarily revealed and corrected. What we may fail to know today (when we are devising the plan), we may nevertheless continue to fail to know tomorrow.

So, it is sufficient that we devise a plan for the first type of problem (if there is the case that such a problem exists in that case) to reveal itself sooner or later. By devising a plan we have done our part concerning the revealing of this type of problem. Now, it is up to reality to refuse to comply to our over-optimistically plans and thus to reveal to us that we have a problem. The second problem is not so easy to reveal. We may say that reality is very happy that we demand to little of it and will not show anything to us in this case. Put into other words, the bad plans will reveal themselves as bad by not being successful, but every successful plan is not necessarily the best plan. We must actively search for better plans. Overcoming the first problem helps us embed in our future plans knowledge obtained from past experience (i.e. knowledge obtained by confronting the expected results with the actual results and by adjusting our expectations to what happened). Overcoming the second problem is a different process. Here we can not compare the expected and actual results because they are identical. The only possible way to overcome this problem is to introduce *genuine* new elements in our plans, to take blind guesses about what the reality is and about what plans will be more successful. Once we

[24] Of course if a plan does not get carried away successfully, then it does not necessarily mean that the plan was bad. It may also be the case that the problem is on our part, on our failure to carry it. But the point is that whenever a plan is devised over-optimistically, it will tend to lead to disappointments on our part (of course luck can play a part, but a plan that is carried away successfully, will be employed systematically in the future also; and if its success is due only to luck this will be clear when luck will not play a role anymore).

successfully overcome this problem, we can also embed new knowledge in our future plans. But this knowledge is obtained not by analyzing past experience and by removing the parts that made us expect too much[25], but by introducing *genuine* new elements in our plans, and by testing the new plans.

Someone need not be an entrepreneur to overcome the first problem (although he must be an entrepreneur in order to devise the plan in the first place). He must only be willing to remove parts from a plan that is already in place, until he successfully removes the parts that led him to overly-optimistic expectations. But the overcoming of the second problem calls for entrepreneurial decision-making, namely the decision to introduce *genuine* new parts in the plan, parts that were not there before. And this type of decision always involves a blind guessing on the part of the decision-maker. Introducing *genuine* new elements always involves a blind guessing, which can be verified only afterwards, by putting the new plan to work.

As long as we devise plans and as long as we modify our plans by introducing *genuine* new elements into them we are entrepreneurs. Being entrepreneurs is our best strategy of coping with a world full of uncertainty and of enlarging our knowledge about it. Being entrepreneurs we have to take decisions, even if anyone of them could turn out to be incorrect. But, with every new decision, with every new plan we take a new chance, we make a new guess. As long as we are apt to carry the process further we can hope to succeed in our guesses and to never repeat the mistakes.

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[25] In a case of a plan that did not carried out successfully we have of course the possibility of keeping the ends unchanged, and introducing new means in the plan, thus making it work. But this will amount to overcoming the second type of problem, not the first type. Nevertheless, we can separate the two problems if we proceed analytically. The first problem can be overcome by adjusting the ends so that the new plan will be carried out successfully. The adjustment of ends amounts to removing parts from them until the expectations become low enough for them not to be invalidated anymore. Afterwards, by introducing new means and by (re)introducing the old ends we can indeed devise a successful plan. But this amounts to changing a successful plan (the one that was reshaped by the adjustment of ends) with a new one, hoping that it will be more successful. That in changing the plan we do not introduce only genuine new parts, but we also reintroduce some other parts does not change the type of problem that we try to overcome. It is still the second type of problem that we are trying to overcome at this point. And this is so because we introduced *genuine* new elements into the plan. And '*genuine'* means not absolutely new in respect to every plan that was ever devised, but with respect only to the first plan that faced the first type of problem. Introducing a *genuine* new part does not mean that that part is new as a part, irrelevant of the plans in which it figured, but only that is new in respect with a specific ends-mean framework (that by introducing that part in a specific framework we can not predict the outcome because the framework obtained is *genuinely* new and this is due to the introduction of that specific part).

5. Conclusion

This chapter was about how we manage to live in a world full of mystery, about how we are able to learn to do better in this world. The answer was that we are entrepreneurs; that we have to make many steps into the unknown to shed some light there; that we are motivated in our journey by some undefined uneasiness; that we chose as a safety device a specific formal structure – the ends-mean framework; that with the help of it we can trace back our steps into unknown – that is our decisions; that with the help of our safety device (the ends-mean framework) and of our guiding device (the felt uneasiness) we can systematically learn to make wise steps; but that, nevertheless we can not be certain of anyone of our steps, which are still steps into the unknown.