NEW VENTURE CREATION IN MATURE INDUSTRIES: THE ROLE OF ORGANIZATIONAL DETRITUS, EFFECTUATION AND BRICOLAGE (INTERACTIVE PAPER)

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NEW VENTURE CREATION IN MATURE INDUSTRIES: THE ROLE OF ORGANIZATIONAL DETRITUS, EFFECTUATION AND BRICOLAGE

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Principal Topic

Our research aims to challenge conventional ideas about entrepreneurship in mature industries. The established perspective is that entrepreneurs in such industries are more successful when they engage in rigorous planning and pursue aggressive competitive strategies to overcome steep entry barriers due to a limited availability of resources (Delmar & Shane, 2003; Gruber, 2007; Lumpkin & Dess, 2001; Woo & Cooper, 1981). Instead, we build on recent ideas in organizational sociology (cf. Dobrev, 2000; Schneiberg, 2007; Zietsma & McKnight, 2009) and argue that in mature industries barriers to entry are low because of the availability of organizational detritus. We define detritus as the recyclable organizational elements with both technical and symbolic value left behind by organizations that previously failed. These elements can function as cost-efficient and effective building blocks for new firms. We suggest that the availability of detritus may reduce the need for rigorous planning and competitive aggressiveness, thereby allowing entrepreneurs to create blossoming organizations.

We reason that by adopting the principles of effectuation (Sarasvathy, 2001; 2008), entrepreneurs are more likely to profit from venturing in detritus-rich environments. As opposed to causation which focuses on predictive strategies, effectuation allows for a non-predictive way of controlling the future. Similarly, adopting the principles of bricolage – i.e. “making do by applying combinations of resources at hand to new problems and opportunities” (Baker & Nelson, 2005: 33) – also appears to be suitable in detritus-rich environments.

Method

We test our hypotheses in the context of the Dutch beer brewing industry, which has seen a high degree of entrepreneurial activity within the past three decades after an extended period of significant concentration. We limit our analysis to the population of founders of 117 new beer breweries established between 2007 and 2013.

Results and Implications

If confirmed by our data, this study has implications for the understanding of entrepreneurship in mature industries. While previous studies following the conventional view suggested that entrepreneurs adopting an aggressive competitive approach in such industries are more successful, our study may indicate greater success when relying on effectuation and bricolage.

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