

6-9-2012

PLANNING THE UNKNOWN: THE SIMULTANEITY OF PREDICTIVE AND NON-PREDICTIVE ENTREPRENEURIAL STRATEGIES (SUMMARY)

Jeroen Kraaijenbrink
University of Twente, j.kraaijenbrink@utwente.nl

Tiago Ratinho
University of Twente

Recommended Citation

Kraaijenbrink, Jeroen and Ratinho, Tiago (2012) "PLANNING THE UNKNOWN: THE SIMULTANEITY OF PREDICTIVE AND NON-PREDICTIVE ENTREPRENEURIAL STRATEGIES (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 32: Iss. 12, Article 9.

Available at: <http://digitalknowledge.babson.edu/fer/vol32/iss12/9>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

≈ SUMMARY ≈

PLANNING THE UNKNOWN: THE SIMULTANEITY OF PREDICTIVE AND NON-PREDICTIVE ENTREPRENEURIAL STRATEGIES

Jeroen Kraaijenbrink, University of Twente, the Netherlands

Tiago Ratinho, University of Twente, the Netherlands

Principal Topic

Entrepreneurship scholars have taken considerable interest in investigating which entrepreneurial strategies are effective. While some argue that planning is beneficial under certain conditions (e.g. Gruber, 2007), others have put forth notions such as bricolage (Baker & Nelson, 2005), improvisation (Kamoche, Cunha, & Cunha, 2003; Moorman & Miner, 1998) or effectuation (Sarasvathy, 2001, 2008). Gradually, the debate on predictive vs. non-predictive strategies has become more nuanced and several authors have proposed the co-existence of both strategies.

While potentially providing a resolution to the alleged conflict between seemingly opposing strategies, co-existing strategies raise further questions. Can entrepreneurs build on their means while setting a goal and a vision for the future? Is it possible to calculate expected returns and still draw affordable loss scenarios? Are entrepreneurs leveraging unexpected contingencies but at the same time trying to avoid them? In addressing these questions, this paper explores empirically the independence of two of the effectuation constructs (Sarasvathy, 2001, 2008): prediction vs. control and means-based vs. ends-based strategies.

Method

We collected data from the archival records of one of the oldest incubation programs in Northwestern Europe. For this paper, we use the 115 business plans of at least 3 pages long to ensure data availability. The size of these companies ranges from 1 to 58 employees. The two effectuation principles: non-predictive vs. predictive control and the means vs. ends orientation were coded using a contextual, content-based coding scheme. Coding was done at the semantic level and therefore all 115 business plans were read in detail to understand their contents and to understand the meaning of particular words and paragraphs. Besides the strategizing measures, we also used firm size and age collected from the official database of the Chamber of Commerce.

Results and Implications

We find empirical evidence that predictive and non-predictive strategies can co-exist. Kruskal-Wallis non-parametric independence tests show that both prediction and control are present in business plans as well means-based and ends-based approaches. This confirms previous theoretical insights (Wiltbank et al., 2006) and their validity in the context of entrepreneurial strategies (Wiltbank et al., 2009).

CONTACT: Jeroen Kraaijenbrink; j.kraaijenbrink@utwente.nl; (T): +31534895443; (F): +31534892159; Netherlands Institute for Knowledge Intensive Entrepreneurship, University of Twente, P.O. Box 217, 7500AE Enschede, Netherlands.