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A CONTINGENCY MODEL OF ENTREPRENEURIAL ENTRY STRATEGIES: THE ROLE OF MOTIVATION AND RESOURCES AVAILABILITY (INTERACTIVE PAPER)

Nadav Rotemberg-Shir

Stockholm School of Economics, NadavRotemberg.Shir@hhs.se

Karl Wennberg

Stockholm School of Economics

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≈ INTERACTIVE PAPER ≈

**A CONTINGENCY MODEL OF ENTREPRENEURIAL
ENTRY STRATEGIES: THE ROLE OF MOTIVATION
AND RESOURCE AVAILABILITY**

Nadav Rotemberg-Shir, Stockholm School of Economics, Sweden

Karl Wennberg, Stockholm School of Economics, Sweden

Principal Topic

While current theory has tended to focus on either motivational factors or creative strategies of resource utilization, these two streams of research have developed separately. As a result, the literature has little to say under what conditions differences in motivation and resources will lead to divergent types of entry strategies. In this project we outline and test a contingency model suggesting that the interaction of motivation and resource availability is intimately tied to entrepreneurs' type of entry strategies. When motivation is relatively low but resource availability is high, our model predicts that entrepreneurs will use a *real-option* entry strategy. When motivation is high but resource availability is low the entrepreneurs will compensate by employing creative solutions, suggesting that entrepreneurs will utilize more of *bricolage* resource utilization. When both motivation and resource availability is high, our model suggests that the resulted higher self-confidence, allow for a more flexible and experimental strategy coherent with *effectuation* (Sarasvathy, 2001).

Method

We present hypotheses that are tested on a subsample of the Swedish PSED data (Davidsson and Honig, 2003). Our dependent variables were generated by factor analysis; one factor for each of the posited entry strategies: *Effectuation Processes* (Chandler et al., 2009), *Real-option Processes and Bricolage Processes*. The resulting three factors were entered as outcome variables in a Seeming Unrelated Regression (SUR) model and regressed on two sets of independent variables consisting of (a) entrepreneurial motivation (self-efficacy and goal-setting) and (b) measures for resource availability validated in prior studies of PSED such as *human capital* (Cooper et al., 1994), *social capital* (Davidsson & Honig, 2003) and *financial capital* (Folta et al., 2010).

Results and Implications

Our contingency model of motivation and resource availability and its empirical application helps explain under what conditions differences in motivation and resource availability will lead to various types of entry strategies. This offers a moderating view and help alleviating some of the theoretical puzzles noted by previous scholars debating the role of individual motivation vs. the ability to obtain and leverage resources. Our contingency model also helps shed lights on the debate on various types of creative entry strategies.

CONTACT: Nadav Rotemberg-Shir; Nadav.Rotemberg.Shir@hhs.se; (T): +46-8-736-9397; Center for Entrepreneurship and Business Creation, Stockholm School of Economics, P.O. Box 6501, SE-113 83 Stockholm, Sweden.