DIDN’T EXPECT THAT! SURPRISE EVENTS, RESPONSES AND OUTCOMES IN ENTREPRENEURIAL FIRMS (SUMMARY)

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**Recommended Citation**

Gong, Yan; Baker, Ted; Eesley, Dale T.; and Miner, Anne S. (2007) "DIDN’T EXPECT THAT! SURPRISE EVENTS, RESPONSES AND OUTCOMES IN ENTREPRENEURIAL FIRMS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 27: Iss. 13, Article 10.  
Available at: http://digitalknowledge.babson.edu/fer/vol27/iss13/10

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SUMMARY

DIDN’T EXPECT THAT!
SURPRISE EVENTS, RESPONSES AND OUTCOMES IN ENTREPRENEURIAL FIRMS

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Principal Topic

Surprise events are an indispensable part of the entrepreneurial process. They may even serve as an important source of learning and capability development (Levithal & Rerup, 2006). A surprise can reveal that the prior expectations were not accurate, and can help the organization generate more accurate or complete models to inform new expectations (Greve, 1998; Zellmer-Bruhn, 2003). This paper explores how responses to surprise events affect perceived organizational outcomes.

Method

The unit of analysis in this study is surprise events in firms. To test hypotheses, we draw a sample of 141 surprise events identified from 1,725 pages of interview transcripts, over 1,000 pages of informant self-rating reports, and rater assessments of these materials. We collected information regarding surprises, actions before and after a surprise, and detailed information of firm characteristics.

Results and Implications

We found that response repertoire – as captured by founding team experience and firm size – increases the chances of a valued response. Second, “strategic surprises” (defined as those that apparently affect the organization’s long term survival/prosperity) have weaker outcomes. Finally, we predicted curvilinear impact of improvisation. Low and high levels of improvisation have positive impact, but intermediate levels – that is, a mixture of non-improvisation and improvisation – lead to poorer perceived outcomes. This is consistent with our theory that coordination and communication complexity decreases the likelihood of successful response to surprise events. Overall our findings support our theory that the outcomes of responses to surprises will depend on the nature of the surprise, the nature of the firm, and the nature of the response action styles.

Our study has implications for theories of organizational adaptation, understanding of organizational surprise and approaches to entrepreneurial learning. By examining improvisation and other organizational behaviors in a rich research setting, it also contributes to entrepreneurship literature in general as it provides a much more fine-grained and comprehensive perspective on entrepreneurial behavior. Our theory also has strong implications for entrepreneurial management teams regarding how to improve their firms’ likelihood of engaging in successful response to surprises.

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