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THE FIVE LOGICS OF EFFECTUATION: A SCALE (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

THE FIVE LOGICS OF EFFECTUATION: A SCALE*Thomas E. Nelson, University of Louisville, USA**Michael G. Goldsby, Ball State University, USA***Principal Topic**

Upon its introduction, effectuation was framed as an expert theory. Subsequently, it has been found in various contexts, among individuals with varying degrees of expertise. Finding evidence of effectuation has remained difficult, because the primary method for its detection is long form interview-type research. The level of detail gleaned from such analysis makes finding specific examples of effectuation, and individual users of effectuation possible, when they exist. However, the time involved in such processes limits sample size. Further, the relative inability to quantify makes many forms of empirical analysis impossible. In order to facilitate more, and more empirical, research into effectuation, this paper develops a new scale for determining if an individual utilizes one or more of the five logics of effectuation (pilot-in-plane, bird-in-hand, lemonade, crazy quilt &/or affordable loss).

Method

We generated and validated theoretically based measures of the five logics of effectuation. Those measures were then administered to two independent samples of entrepreneurs. The first sample was used to further validate and trim the effectuation scales. The second sample was used to perform a confirmatory factor analysis.

Results and Implications

An empirically and theoretically sound scale of effectuation will have several benefits for academics. First, it will allow scholars to identify entrepreneurs who effectuate without the need of extended interviews and protocol analysis. Second, by being able to quickly differentiate between effectuating and non-effectuating entrepreneurs we can place the theory of effectuation within the larger entrepreneurship theoretical framework. Two examples of problems that can be addressed once a viable scale is developed that would have been much more difficult before are is effectuation really mutually exclusive to causation, and is effectuation exclusive to 'expert' entrepreneurs. Finally, if the beginning of the effectual process can be characterized as a search, with opportunities made as well as found, then this scale will help to shed some light on the perennial opportunity discovery versus creation problem.

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