INTEGRATING VS. LEAPING: SEARCH MODES AND ORGANIZATIONAL DEVELOPMENT OF NEW VENTURES
(SUMMARY)

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INTEGRATING VS. LEAPING: SEARCH MODES AND ORGANIZATIONAL DEVELOPMENT OF NEW VENTURES

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Principal Topic

Causation and effectuation constitute antagonistic strategies of pursuing a business opportunity, symbolizing the dilemma of concurrently ensuring quality and speed of organization development. Despite recent research suggesting simultaneous experimentation or heuristics as potential solutions, we still know little about how planning and effectuating are interlinked. In this inductive study, I propose that founders make such connections by applying two broad search modes 'integrating' and 'leaping' that determine organizational development.

Method

I follow a multiple longitudinal case study design, theoretically sampling 36 early-stage start-ups in an international multi-industry setting. In-depth data from four rounds of on-site interviews with founders resulted in about 200 interview hours and 6,000 pages of transcript. I triangulated these data with internal documents, archival data, and unique case-specific accounts (founder diaries, observatory evidence). Event-related informal chats allowed to instantly clarifying deviations in strategy to attain a comprehensive view on the start-ups’ evolution.

Results

'Integrating' and 'leaping' capture founders' concepts of the future as temporal reference points. 'Integrating' means relying on a broad and vague image of the future to derive qualitative goals as well as several alternative strategic leads, suggesting different options of how to reach those. Each of these present options is evaluated based on its incremental contribution to the desired future. Organizational structure is built in staged layers and organizational development appears rather linear. Oppositely, when 'leaping', founders temporarily funnel the organization on one fixed future and search for any solution that addresses the focal problem. Thus, when 'leaping', firms conduct a bottom-up search accepting any alternative to solving a specific operational problem. Clearly articulated short-term reference points guide the founders’ attention and, in particular when missed, trigger radical change in building the organization. In turn, these findings suggest that distant search may purposively be drawn on to guide incremental improvement and local search to foster radical change.

Implications

Overall, this study (1) address the role of planning and mental models to enact the future, towards developing a theory of effectuation; (2) connects recent ideas about time flowing backwards to work on the role of entrepreneurial vision for opportunity development; (3) links to organization design, specifically the view of entrepreneurship as a science of the artificial.

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