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SUMMARY

UNIFYING THREE CONTENDING APPROACHES TO EXPLAINING EARLY STAGE ENTREPRENEURIAL DECISION-MAKING AND BEHAVIOR

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Principal Topic

This study employs Hindle’s (2010) harmonizing model of entrepreneurial process as the theoretical framework underpinning an investigation of the possibility of resolving an important controversy concerning the nature of the logical systems of decision-making and the patterned modes of behavior employed by entrepreneurs in the early-stages of the entrepreneurial process. Three arguments – causation, effectuation and bricolage - are at loggerheads and currently seem to be mutually contradictory.

These three approaches, entailing distinctive logical and behavioral characteristics are, in a sense, contenders for the title of ‘best’ conceptual framework for explaining the process of early stage new venturing. No prior research explores whether, how and why the three contending approaches might be compatible rather than conflicting. Could it be that causation, effectuation and bricolage are not confrontational ‘contenders’ but harmoniously classifiable as different forms of new venture evaluation that entrepreneurs use, in varying proportions, dependent upon the nature of the venture itself and its principal defining circumstances?

Method

We accept and adopt the generic theoretical position that entrepreneurial evaluation - the transformation of a vague idea into a precise agenda (whether this be called a ‘business model’, a ‘venture design’ a ‘new means-ends framework’ or something else) – is at the heart of entrepreneurial process (Hindle, 2010). Our research employs a multiple case study approach to the development of a conceptual model. We analyze 22 ventures from the book, “No Cash, No Fear” by Terry Allen (2001), a serial entrepreneur who has started a large number of new ventures in a wide range of industries.

Results and Implications

Elements of bricolage, causation and effectuation are found, in varying proportions, in all 22 ventures. Analysis reveals interesting circumstantial patterns – sufficient for providing the foundations of an evidence-based conceptual model which argues that effectuation, causation and bricolage should be seen as compatible modes of contingent entrepreneurial behavior rather than mutually contradictory alternatives of universal entrepreneurial behavior. Of particular interest is the strongly evident pattern that the more experience the entrepreneur accumulates, the less effectuation is used.

Our study provides a synthesis of the three principal theoretical arguments concerning the nature of entrepreneurship in general and the new venture creation process in particular.

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