6-9-2012

ENTREPRENEURIAL THRASHING (INTERACTIVE PAPER)

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Recommended Citation
Meeks, Michael D. (2012) "ENTREPRENEURIAL THRASHING (INTERACTIVE PAPER)," Frontiers of Entrepreneurship Research: Vol. 32: Iss. 12, Article 22.
Available at: http://digitalknowledge.babson.edu/fer/vol32/iss12/22

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Principal Topic

Thrashing refers to any situation in which multiple demands are competing for the same resource, resulting in reduced performance caused by the need to excessively swap information and actions.

Entrepreneurs, bounded rationally and limited cognitively, are often characterized as busy, overloaded, and driven, wearing many hats, multitasking, and in constant motion or thought. Information overload and excessive workload demands during an entrepreneurial effort results in the need to simultaneously address, maintain, and manage priorities, resources, efforts, and loci of attention. Physical and cognitive limitations — our limited ability to parallel process — require that the entrepreneur swap between tasks and loci of attention. Thrashing appropriately describes the condition that occurs when the entrepreneur commits excessive resources to the swapping and juggling of information, attention, and action, such that the completion of important tasks is significantly hindered.

Method

Using a snowball sampling technique, online surveys were completed by 1,842 entrepreneurs and 3,196 managers. Concepts measured include thrashing, perceived information overload, perceived workload, perceived wasted time and effort, perceived performance, and use of a formal business plan. Controls include entrepreneur’s age, gender, experience, education, age of venture, and size of venture.

Results and Implications

This research introduces the concept of “thrashing” to the field, and this preliminary evidence demonstrates that thrashing may be a significant barrier to new venture creation, survival, and performance. Results indicate that thrashing is more common in entrepreneurs than in managers, and that perceived performance, as well as opportunity search and recognition is reduced by thrashing. Results also demonstrate that the development of a business plan is negatively related to thrashing, although not significantly related to performance. Thrashing may also contribute to our understanding of strategic entrepreneurship, particularly in light of the evidence that entrepreneurs with formal business plans exhibited less thrashing. In addition, thrashing may prove useful in effectuation research because although formal business plans appear to reduce thrashing in this sample, it may be that effectuators thrive in the presence of thrashing.

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