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A NEW APPROACH TO STRATEGIC PLANNING IN ENTREPRENEURIAL PROCESS: EFFECTUATION

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Abstract

The development and implementation of strategy within entrepreneurial organizations require skills and the ability to perceive environmental shifts and adapt accordingly to ensure organizational growth and preserve the resources of the firm. The entrepreneur must have an intimate knowledge of the business plus intuition and resourcefulness to successfully transform the strategy from its initial intent to one that accommodates the external forces and responds to its environment. This study presents an exploratory approach to describe and compare the formal and informal strategic planning processes of entrepreneurial organizations particularly focusing on new ventures. This study provides a conceptual framework for strategic planning of new venture entrepreneurial process by an integrated perspective of formal and informal approach, which is named as "Effectuative Entrepreneurial Process Framework". The framework presented in the study includes causal sequence components of the formal entrepreneurial process while considering the intuitive and creative part of the entrepreneurial process having components of cognitive adaptability of entrepreneurs and inter-firm and intra-firm strategic flexibility.

Keywords

Entrepreneurial Process, Strategic Planning, Intuition, Effectuate

1. Introduction

The importance of entrepreneurial companies for economies and countries has been a well-accepted fact in academic literature since 1930s with Joseph Schumpeter's theory of "the process of creative destruction" (Schumpeter, 1934). Entrepreneurial organizations are recognized by academic authorities such as Schumpeter, Porter, Mintzberg and Hamel as the incubators of new strategic innovation, the creators of new products and services, the breakers of existing market boundaries and the founders of new industries.

Entrepreneurs operate in an environment of risk and instability, often with limited resources. A significant number of new ventures fail within their first year of operation. Since the entrepreneurial environment is dynamic from its inception and ongoing change is expected continuously, it would appear that strategic planning in entrepreneurial process would need to allow for flexibility and responsiveness to the environment. So, formal strategic planning in entrepreneurial process might be insufficient for entrepreneurs to be responsive to the environment and to be able to intuitively sense when market forces are changing. This paper will focus on the creation of a more informal intuitive approach, which is named as "effectuate entrepreneurial process" that will improve the formal strategic planning of entrepreneurial companies towards a more unique and flexible new venture pursuing process.

Considering the breadth of the entrepreneurial strategy management area, it is necessary to focus on a narrower time and evolutionary phase of the entrepreneurial organization in this study. The early stage of the entrepreneurial process during pursuing a new venture is selected for this paper because it is the foundation component of the strategic entrepreneurial process, it is a prerequisite for all ventures and generally considered critical to the success of the new ventures.

The purpose of this paper is to identify the components of entrepreneurial process in pursuing a new venture strategy and investigate the roles that intuition and effectuation might play in the success of their entrepreneurial process. By describing factors that are used in developing strategies in the entrepreneurship area, this study tries to increase the degree of creativity and flexibility in the entrepreneurial process by responding to the uncertainty in the

environment. This study offers a new approach to strategic planning of new venture entrepreneurial process by integrating formal strategic planning concepts into an intuitive conceptual framework. Research questions of the study will explore how intuition takes role in the success of new ventures' entrepreneurial process and how does an entrepreneur incorporate uncertainties of the environment and constraints of the organization into the strategic planning process. Research propositions will be developed in parallel with the proposed conceptual framework of the study.

2. Literature Review

2.1 Definition of Entrepreneur, Entrepreneurship and Entrepreneurial Process

There is no widely consensus regarding how to characterize entrepreneurship in literature. Early definitions were concentrated on the “entrepreneur”, defining him as the agent of change, searching for new methods and new markets (Schumpeter, 1934). Drucker (1986) defined “entrepreneur” as someone not only searches for change but also responds to it in an innovative way. Traditional early views of entrepreneurs were depending on the capacities of “individuals” while new theoretical approaches called attention to the complex world of “entrepreneurial activities and processes” at the “firm level”. The approach to the definition of “entrepreneurship” concept was limited to notion of “new entry” in early studies. Many researchers as Burgelman (1983) and Vesper (1988) saw “new entry” as central to entrepreneurship as launching a new venture either by a start up firm or through an internal corporate venturing. However, this approach was criticized by researchers like Lumpkin and Dess (1996) as being narrow suggesting that “new entry” may occur across a range of firms, from individuals to existing organizations without necessarily creating a new organization. By this shift in focus from “individual level” to “firm level” and enlargement of the approach to the concept including not only “new entry organizations” but also “existing ones”, three working definitions were developed by Bygrave and Zacharakis in 2008 about the characteristics and functions of “entrepreneur” and characteristics of the “entrepreneurial process”:

If there are any points to explain then bullet should be used.

- An “entrepreneur” is someone who perceives an opportunity and creates an organization to pursue it.

- An “entrepreneurial event” involves the creation of an organization to pursue an opportunity.
- An “entrepreneurial process” involves all the functions, activities and actions associated with the perceiving of opportunities and the creation of organization to pursue them.

Towards 2000, by widening the scope and definition of “entrepreneurship” including processes, opportunities and both new and existing companies, an increasing consensus started to emerge on the concept as the process of uncovering and developing opportunities through creating value and innovation and seizing that opportunities without regard to resources through a new or existing company (Churchill, 1992). Hisrich and Peters (1992) defined “entrepreneurship” as the process of creating something different of value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the resulting rewards of monetary and personal satisfaction. Venkataraman (1997) sees “entrepreneurship” as the scholarly examination of how, by whom and with what effects opportunities to create future goods and services that are discovered, evaluated and exploited. Venkataraman (1997) determined the boundaries of the field as to study the sources of opportunities, processes of discovery, evaluation and exploitation of opportunities and the set of individuals who discover, evaluate and exploit them.

Kuemmerle (2002) observed that entrepreneurs require a unique combination of vision, patience, and a willingness to accept risk in order to sustain the viability of the organization. Entrepreneurs must be willing to revise and abandon their strategies for the sake of survival, and sometimes modifications must be made quickly in response to market pressures and external forces. According to Kuemmerle (2002), entrepreneur may not have the time or the resources available to conduct extensive studies. Entrepreneurs must be responsive to their environment and have the ability to intuitively sense when market forces are changing even with limited financial resources. The strategic plan for the entrepreneurial organization would require flexibility and fluidity in order to quickly adapt to environmental pressures.

2.2 Significance of Strategic Planning in Entrepreneurial Process

The entrepreneurial organization begins with the identification of a perceived need for products or services, a vision for bridging the gap or creating the market, and the willingness of the entrepreneur to invest the time and resources into developing the vision. The value of

strategy is “in determining how an organization defines its relationship to its environment in the pursuit of its objectives” (Bourgeois, 1980). The entrepreneur must constantly differentiate its organization from the existing competitors, and create a need for the new product or service. Developing and capturing a unique niche in the marketplace is critical for entrepreneurs who are often risking personal funds to sustain their organizations. The entrepreneur must have an understanding of the marketplace, the environment and the concept of a strategy to meet the needs of its customers, while recognizing the potential resource constraints and environmental threats.

2.3 Two Different Approaches for Strategic Planning in Entrepreneurial Process

Descriptions of the strategic planning process in the literature range from formalized planning to more of an artistic endeavor. Strategy has been described by Mintzberg (1987) as an emerging process that forms as the organization grows and evolves, despite its traditional definition by Porter (1996) as a formalized process where one designated person designs the plans for others to implement.

While their concepts of organization strategy appear to diverge in their assumptions and limitations, the theories espoused by Porter (1996) and Mintzberg (1987) have both applicability to entrepreneurial organizations. Both Porter and Mintzberg considered the essential elements of organization performance and leadership and acknowledged the role of creativity in strategy development. Porter (1996) discussed the advantages gained by entrepreneurial organizations moving into new markets, or markets abandoned by existing competitors, and identified a rational process for examining the competitive environment. Mintzberg (1987) took a more fluid and less formal approach and compared the development of strategy to the work of an artist. Porter cautioned against confusing strategy with organizational effectiveness, while Mintzberg advocated finding new ways of meeting the needs of the market. Porter (1996) described strategy as a dynamic process responsive to change in the environment and to competitive forces. The development of strategy requires consideration of the resources available and how those resources can best be mobilized to meet the needs of the customer and maximize organizational effectiveness. Porter (1996, pg. 75) ultimately defined strategy as “creating fit among a company’s activities”. According to Porter (1996), strategy should be unique to the organization and its resources, products, services, and customers.

The degree of formality and rigidity in the strategic plans required to build a successful

organization is unknown, although it would seem a more flexible approach would facilitate growth and profitability. The nature of entrepreneurship would appear to follow a pattern of guidelines rather than a more formalized process due to its nature of instability and resource constraints, and that it would involve cognitive as well as prescriptive processes. So, this study considers both formal and informal approaches in the strategic planning of the new venture entrepreneurial process and offers a new conceptual framework named as "Effectuative Entrepreneurial Process" by the integration of elements from informal and intuitive approach.

2.4 Formal Approach to Strategic Planning in Entrepreneurial Process

According to Porter (1996), who is one of the first representatives of the formal approach, strategy is shaped by the ease of entry into the marketplace, the availability of acceptable substitutions for the product or service, and the bargaining power of suppliers and customers. For the entrepreneur entering the marketplace with a new venture, differentiation is critical to gain the support of both customers and suppliers who may be loyal to or have favorable arrangements with existing businesses (Porter, 1996). He indicated the seven components that comprise a typical formal strategic management process as: (1) Developing the mission statement, (2) Performing internal and external audits, (3) Establishing long term objectives, (4) Generating, evaluating and selecting strategies, (5) Establishing policies and annual objectives, (6) Allocating resources, and (7) Measuring and evaluating performance.

When all of these traditional formal approaches are examined, it is interesting to see the lack of vital part of strategic new venture entrepreneurial process as the creative and intuitive vision. These approaches does implicitly recognize the existence of vision in strategy, but they incorporate this concept into the mission statement component which causes to blur the distinction between the vision and the mission in entrepreneurial companies. The strategic management mission statement ritualistically formalizes vision as the starting point that identifies what the organization wants to become, but provides little guidance of how the vision comes to be articulated or how it is translated into viable business opportunities. For this reason, the aim of this paper is determined as to consider the creative part of strategy as an integrated "effectuative entrepreneurial process" framework. In the entrepreneurial arena, creative vision is held to be the alpha and omega of the new venture's leadership, company culture, and strategy. "Entrepreneurial process" is creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and uncertainties and

receiving the resulting rewards of monetary and personal satisfaction. An entrepreneur must find, evaluate and develop an opportunity by overcoming the forces that resist the creation of something new. "Causal Process" which is taken in the formal approach of Hisrich, Peters and Shepherd (2010) involves the thought of a problem in a way that it starts with a desired outcome and focus on means to generate that outcome. In their formal approach, strategic planning is shown as a longitudinal process. Their "Causal entrepreneurial process" has four distinct phases as presented in the below (Figure 1) (Hisrich et al., 2010).

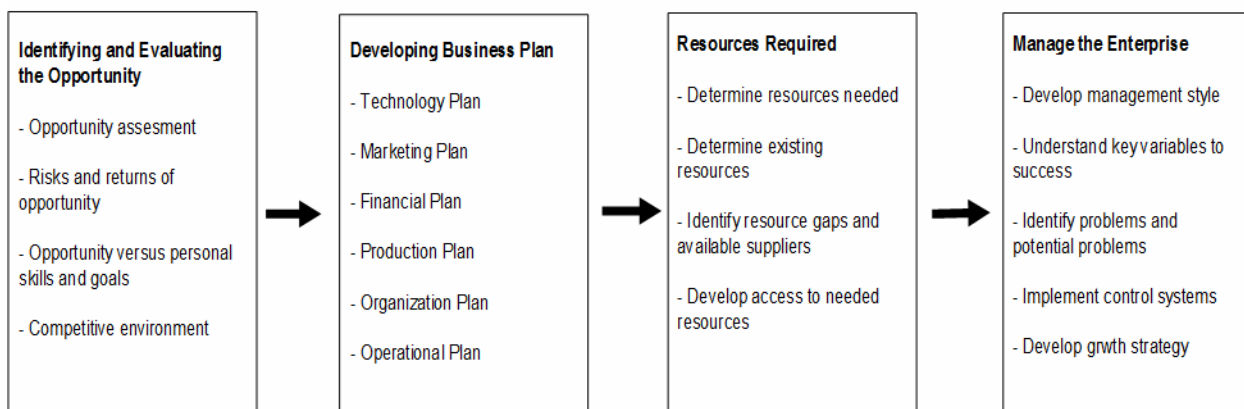


Figure 1: Conceptual Framework: Formal (Causal) Entrepreneurial Process
(Hisrich, Peters and Shepherd, 2010)

An entrepreneur must have in mind the cognitive map of the business desired in order to successfully identify and evaluate the opportunities, which is presented as the first step of Formal Entrepreneurial Process. So, there should be a distinct creative visionary phase before the beginning of the formal steps of the strategy formulation which imitated the need for development of a new "Effectuative Entrepreneurial Process" framework.

2.5 Informal Approach To Strategic Planning In Entrepreneurial Process: Towards The Effectuation Approach

Creative vision is considered by many authors to be the prime driver and differentiator of entrepreneurial ventures (Mintzberg, 1994, Cossette, 2001; Eisenhardt & Brown, 2002). Therefore, for the purpose of this study, the definition of "strategy crafting" concept should be introduced as a symbol of creative vision. Rather than a static and formal process, Mintzberg (1987) introduced the concept of crafting strategy and described an evolutionary process where

capabilities and limits are explored. As a dynamic process, strategy evolves as an emerging pattern in response to external and internal stimuli, including tactics and responses to actions. Entrepreneurs must understand all aspects of the organization, the options available, the competitive environment and must continually be scanning the environment for creative ways to develop and improve their strategies to meet the needs of the customers. Crafting strategy as integrated in the "Effectuative Entrepreneurial Process Framework" in this study is best defined by Henry Mintzberg, "In crafting what springs to mind is not so much thinking and reason and involvement, as a feeling of intimacy and harmony with the materials at hand"; "A craftsman senses rather than analyzes things as the knowledge is tacit," and "To craft strategy is to craft thought and action, control and learning, stability and change" (Mintzberg, 1997). The word "crafting" was used specifically to emphasize that strategy creation is a largely intuitive process and represents more of a qualitative art than a quantitative science. All the effort undertaken in developing the entrepreneurial strategy crafting approach is intended to supplement and enhance the primary tacit knowledge, intuition and vision of the entrepreneur.

The five components of "entrepreneurial strategy crafting" which form the basis of informal strategy of entrepreneurial process offered by Mintzberg (1997) are defined to be the following: (1) Creation and articulation of the vision, (2) Establishment of long term goals, (3) Envisioning of alternative opportunities, (4) The identification and evaluation of alternative strategies, and (5) Formal definition of new venture strategy. There are both intentional and deliberate strategies, but to a certain degree, strategy emerges as a response to competitors, market demands, and resources.

The unique conception of strategy, as posited by Mintzberg (1994), involves a continual process with a proactive approach that continually analyzes the strengths and opportunities of the organization within the competitive environment. According to Mintzberg (1994), strategy involves the personal engagement of the leader so that the vision and strategy are shared throughout the organization. So, it is observed that contrary to the longitudinal nature of formal entrepreneurial process, informal approach includes the characteristics of both a longitudinal process and continuously evolving state of mind being the vital characteristic of the entrepreneur. "Crafting strategy" is an important view as the starting point for the informal part of entrepreneurs' strategy planning process because entrepreneurs think differently than non-entrepreneurs. Entrepreneurs do not always think through a problem in the "formal causal

process” way that starts with a desired outcome and focuses on the means to generate that outcome. Instead, they use an “effectuation process”, which means they take what they have, who they are, what they know, whom they know and select among possible outcomes (Hisrich et al., 2010).

Effectuation research was first inspired by Simon’s work (1991) and was then developed by Sarasvathy and Simon (1991) and Sarasvathy (2002). Effectuation is considered as a set of deviations from rationality and inversion of predictive rationality. Sarasvathy and Simon (1991) note that effectuation turns fundamental principles, solution processes and predictive rationality upside down. Effectuation rests on logic of non-predictive control that assumes that people do not need to predict the future as long as they control it. (Read et al., 2009). So, according to the effectual view, environment is endogenous to actions of effectuators who attempt to co-create it through commitments with network partners. Effectual logic is mainly focused on intangible resources, co-creation of value and relationships (Vargo & Lush, 2004).

Effectuation helps entrepreneurs think in an environment of high uncertainty (Hitt, 2000). Entrepreneurial mind-set is a vital component of "Effectuation approach" which involves the ability to rapidly sense, act and mobilize even under uncertain conditions (Ireland, et al., 2003). Effectuation approach requires keeping the entrepreneurial mind-set during the longitudinal process of strategic planning. In developing the mind-set for effectuation approach, individuals must attempt to make sense of opportunities in the context of changing goals, continuously rethink current strategic actions, organization structure, communication systems, corporate culture and every aspect of a firm's operation and long-term health.

To be good at the tasks for effectuation approach, individuals must develop a cognitive adaptability. Cognitive adaptability describes the extent to which entrepreneurs are dynamic, flexible, self-regulating and engaged in the process of generating multiple decision frameworks focused on sensing and processing changes in their environments and then acting on them (Haynie et al., 2009).

Cognitive adaptability of entrepreneurs have been demonstrated by the accomplishment of four types of tasks as 1) Comprehension 2) Connection 3) Strategy 4) Reflection. (Mevarech & Kramarski, 2003). Comprehension tasks are designed to increase entrepreneurs' understanding of the nature of the environment before they begin to address an entrepreneurial challenge. Connection tasks are designed to stimulate entrepreneurs to think about the current situation in

terms of similarities and differences from situations previously faced. These tasks prompt the entrepreneur to tap into his knowledge and experience without overgeneralizing. Strategic tasks are designed to stimulate entrepreneurs to think about which strategies are appropriate for solving the problem and why or pursuing the opportunity and how. Reflection tasks are designed to stimulate entrepreneurs to think about their understanding and feelings as they progress through the entrepreneurial process. (Mevarech & Kramarski, 2003).

Entrepreneurs who are able to increase cognitive adaptability have an improved ability to 1) adapt to new situations 2) be creative leading to original and adaptive ideas, solutions or insights 3) communicate reasoning behind particular response (Guterman, 2002).

3. Conceptual Framework and Propositions

3.1 Conceptual Integration of Formal and Informal Approach: An Effectuative Entrepreneurial Process Framework

The below (Figure 2) presents the conceptual framework proposed for the Effectuative Entrepreneurial Process developed by the researcher using both formal and informal approaches in entrepreneurial area.

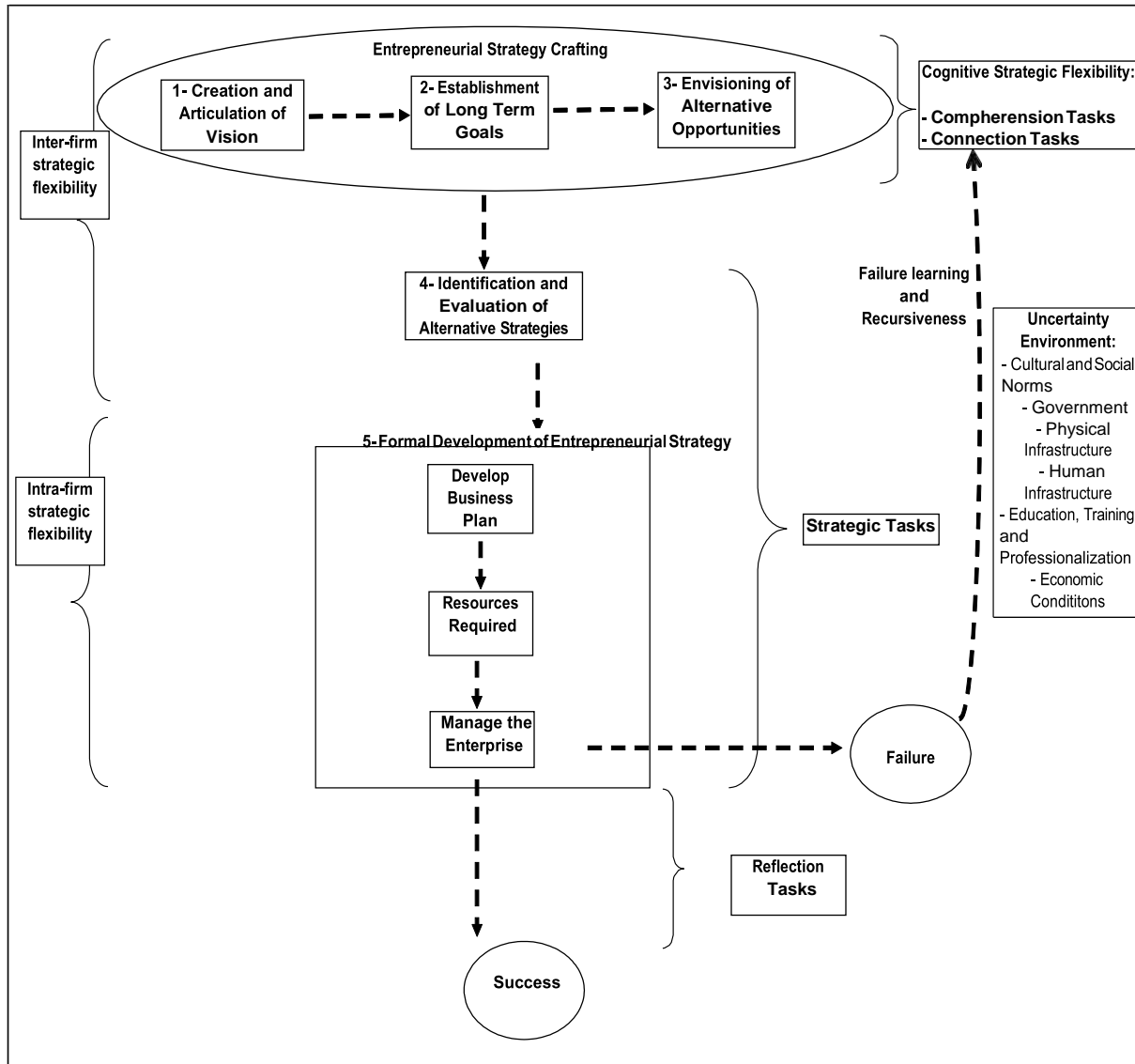


Figure 2: Integrated Conceptual Framework: Effectuative Entrepreneurial Process (Developed by the Researcher by Adaptation from Entrepreneurial Process of Hisrich, Peters and Shepherd, 2010)

As described in the informal approach part, crafting strategy acts as the basis for the formal part of entrepreneurial strategy since strategy of a new venture entrepreneur is more than a plan and is not always specific. "Crafting strategy" view offered by Mintzberg (1994, 2001) brings the idea of articulating vision, long-term goals and envisioning of alternative opportunities before the identification and evaluation of strategies and formal definition of new venture strategy. This view is supported by Ireland, Hitt and Sirmon (2003) indicating the importance of

inclusion of entrepreneurial mind-set before the formal development of strategic planning. So, the following proposition is developed:

P1= Entrepreneurial strategy crafting which includes creation and articulation of vision, establishment of long term goals, envisioning of alternative opportunities is effective on the formal development of entrepreneurial strategy and success of entrepreneurial process.

"Crafting strategy" constituting the basis for "Effectuative Entrepreneurial Process" requires a mind-set with cognitive adaptability of the entrepreneur. Cognitive adaptability view was mentioned by different perspectives in literature and different theoretical cognitive models of strategy was conceptualized by researchers like Schoemaker (1993) and Mintzberg (1973) and Whittington (1973). Since the relationships between content of cognitive models and strategic flexibility were demonstrated by Evans (1991), cognitive adaptability is a vital state-of mind expected to have influence on information processing of entrepreneurs and shape the formal development of the longitudinal entrepreneurial process. The cognitive adaptability of the entrepreneur is similar to the "Chaos" type of theoretical cognitive model of strategy in literature (Senge, 1990; Stacey, 1991; Sharfman & Dean, 1997). Comprehension tasks stimulate entrepreneurs to think about: What is the market all about? What is the technology all about? What do we want to achieve by creating this new firm? What are the key elements to effectively pursuing this opportunity? (Hisrich, et al., 2010). Connection tasks direct entrepreneurs to question: How is this new environment similar to others in which I have operated? How is it different? How is this new environment similar to the established organizations I have managed? How is it different? (Hisrich et al., 2010). So, in the conceptual framework of this study, comprehension and connection tasks of cognitive adaptability are placed at the starting point of the "Effectuative Entrepreneurial Process" and proposed as:

P2= Comprehension tasks of the cognitive adaptability of entrepreneurs are effective on the formal development of entrepreneurial strategy and success of entrepreneurial process.

P3= Connection tasks of the cognitive adaptability of entrepreneurs are effective on the formal development of entrepreneurial strategy and success of entrepreneurial process.

In the proposed conceptual framework of this study in (Figure 2)., Entrepreneurial Strategy Crafting phase which is indicated as the pre- stage of Formal Entrepreneurial Strategy Development process is undertaken by the comprehension and connection tasks of the

entrepreneur. This phase also represents the inter-firm strategic flexibility part of the total flow. As mentioned by Combo and Greenley (2004), the importance of strategic flexibility in response to environmental uncertainty offers a set of options to firms to enhance their inter-firm and intra-firm flexibility. Inter-firm flexibility part is related to the handling of operations under high degrees of environmental dynamism. So, it is expected to:

P4= Inter-firm flexibility is effective on the formal development of entrepreneurial strategy and success of entrepreneurial process.

After the Entrepreneurial Strategy Crafting phase, the formal part of the Entrepreneurial Process is assumed to take start in the conceptual framework of this study. During this causal, longitudinal and formal phase of the Entrepreneurial Strategy Development Process, some other tasks of cognitive adaptability of entrepreneurs take importance. Strategic tasks prompt the entrepreneurs to think about the what, why and how of their approach to the situation. They likely ask questions like: What changes strategic position, organizational structure and culture will help manage the company's newness? How can the implementation of this strategy can be made feasible? (Hisrich et al., 2010). At this phase, intra-firm strategic flexibility takes importance related with the intra-firm sense making, information sharing, cooperation, coordination during the longitudinal phases of formal strategy development process (Combe & Greenley, 2004). So, the below propositions are produced:

P5= Strategic tasks of the cognitive adaptability of entrepreneurs are effective on the implementation of the formal entrepreneurial strategy and success of entrepreneurial process.

P6= Intra-firm flexibility is effective on the implementation of formal entrepreneurial strategy and success of entrepreneurial process.

During the implementation of the formal part of the entrepreneurial strategy process through phases of developing the business plan, determining and allocating the resources required and managing the enterprise, strategic tasks and intra-firm flexibility shapes the direction of the company towards success or failure. Kotler (2003) describes implementation as the process of turning plans into actions. Farjoun (2002) refers to implementation as the execution of strategy. Combe and Greenley (2004) see implementation capability as the organization's competence in executing, controlling and evaluating its marketing strategy and hypothesize that the greater a firm's implementation capability, the greater its performance. So,

the strategic tasks and intra-firm flexibility are important both in the development and also successfully implementation of the formal entrepreneurial strategy of new venture.

As the last and one of the most important parts of the conceptual framework of this study is the feedback phase obtained from success and failure of the entrepreneurial company. At this phase, reflection tasks come into scene prompting entrepreneurs to generate their own feedback to provide the opportunity to change for future and improve their overall cognitive adaptability level. These tasks create a loop in their solution process by asking questions like: What difficulties will we have in convincing our stakeholders? Is there a better way to implement our strategy? How will we know success if we see it? (Hisrich et al., 2010).

Failure is particularly common among entrepreneurial firms because the newness that is the source of an opportunity is also a source of uncertainty and changing conditions. Although there are many causes of failure, most common one is insufficient experience especially in new ventures like the focus of this study. Entrepreneurs who have more experience will possess the knowledge to perform more effectively the roles and tasks necessary for success. However, this experience need not come from solely success but entrepreneurs may learn more from their failures than their successes. For entrepreneurs, learning from failure occurs when they can use the information available about why the venture failed (feedback information) to revise their existing knowledge of how to manage their ventures more effectively (entrepreneurial knowledge) by revising assumptions about the consequences of previous assessments, decisions, actions and inactions (Hisrich, et al., 2010). Recursiveness concept which is widely used in literature also indicates the importance of tendency of decision makers to cycle back in their decision making processes to re-examine key assumptions (Sharfman & Dean, 1997). So, the following proposition is produced accordingly:

P7= Reflection tasks of entrepreneurs are effective on the improvement of their cognitive adaptability levels and performing the related cognitive adaptability tasks.

4. Conclusion and Implications

A new conceptual model of "Effectuative Entrepreneurial Process Framework" for new venture pursuing activities of entrepreneurs is developed under the conduct of this study by synthesizing theoretical and empirical works from marketing, strategy and entrepreneurship

areas by the integration of formal and informal approaches. A distinction is made in literature review part of the study between formal and informal approaches by referring to different researchers and their models who investigated the strategic planning process of entrepreneurs. After analyzing the components and their contributions to the entrepreneurial companies, it is concluded that before the formal part of the entrepreneurial process which is a definite, structured and longitudinal phase, a more creative, intuitive and informal approach of an entrepreneurial state-of mind is needed with the execution of its related tasks as comprehension and connection indicating the need for the cognitive adaptability of the entrepreneur. The "Effectuate Entrepreneurial Process Framework" proposed in this study, enables the existence of the required cognitive adaptability of entrepreneur both at the beginning stage of "Strategy crafting" and also in the other formal development stages by strategic and reflection tasks. Seven related propositions are produced and presented related with the effectuate components of the study's conceptual framework.

This study provides interesting and potentially valuable advice to especially new venture pursuing entrepreneurs with limited resources. Although they may not have the resources to perform extensive market analyses and demographic assessments, basic questions should be asked and carefully considered at the related stages of their business. The entrepreneurs should decide early in the entrepreneurial process and adapt their cognitive flexibility to the degree of which they are willing to modify their strategies in response to the environment. Entrepreneurs entering a new market or seeking to create a new venture can see the benefits of distinguishing themselves in the market from the "Effectuate" components described in this study and also learning from their failures as well as success.

For researchers, this study suggests opportunities for further research into the strategic planning process of entrepreneurs by empirical investigations on a large scale and perhaps focusing specifically on the strategy crafting part of the entrepreneurial process before the beginning of the formal development part. Empirical analysis can be used to further explore the correlation between effectuate strategic planning and entrepreneurial success and the extent to which formalized strategic planning processes are employed on a representative sample of new venture entrepreneurs.

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