

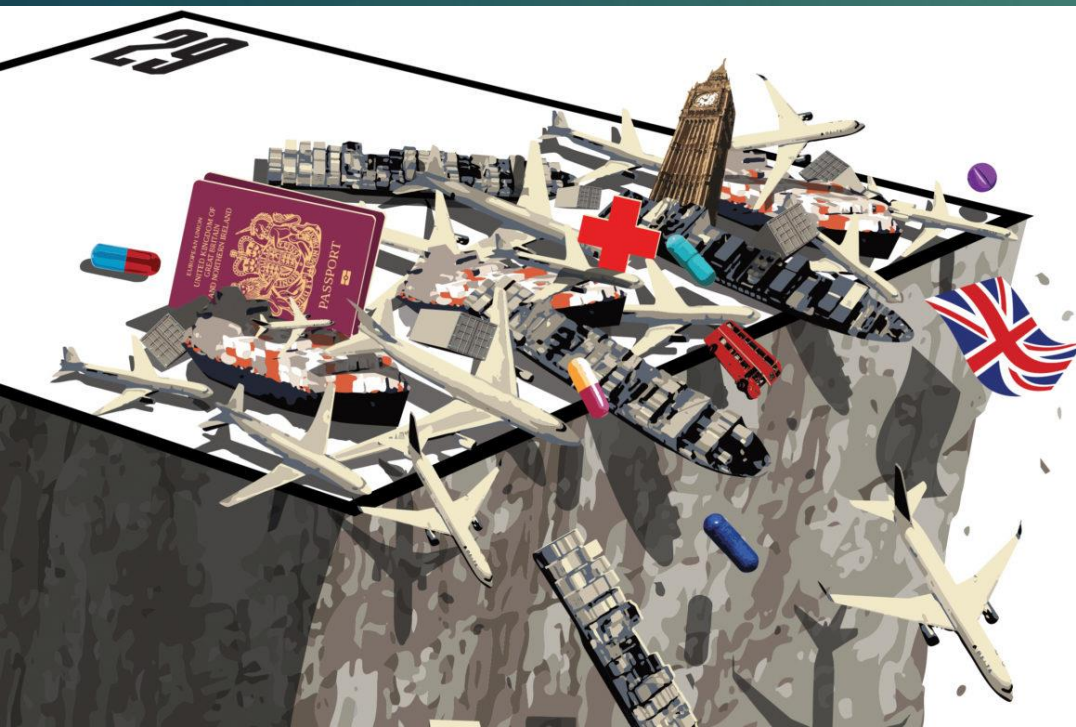


Thriving under Uncertainty

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BRITAIN VOTES BREXIT

WHAT HAPPENS NOW?



•Liam Fox promises he will have agreed dozens of international free trade deals within the next 18 months.



Uncertainty in Entrepreneurship

- ▶ Perception of uncertainty
- ▶ Entrepreneurial opportunity and uncertainty
- ▶ Uncertainty and innovation

Opportunity Type and Level of Uncertainty

- ▶ **Recognised** opportunities

- ▶ Supply/Demand known
- ▶ (Very) low uncertainty
- ▶ Incremental innovation

- ▶ **Discovered** opportunities:

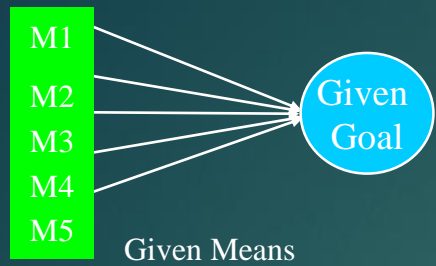
- ▶ Either supply or demand known/become known
- ▶ Moderate uncertainty
- ▶ Semi-radical innovation (technology/consumer side)

Opportunity Type and Level of Uncertainty

- ▶ **Created** opportunities
 - ▶ Neither supply nor demand known
 - ▶ Ultimate uncertainty
 - ▶ Non-existent market
 - ▶ Radical innovation (technology and consumer side)

Decision-making under Uncertainty

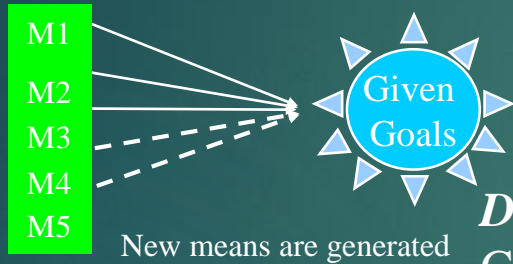
- ▶ Saras D. Sarasvathy
 - ▶ Causal vs. effectual reasoning
 - ▶ Discusses how entrepreneurs make decisions when launching new products
 - ▶ Based on studies of successful entrepreneurs



Three logics

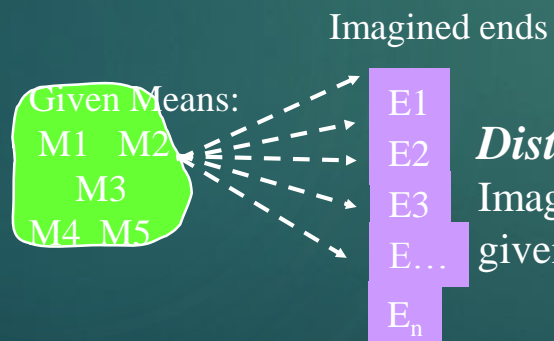
Distinguishing characteristics:
Selection between given means to achieve a pre-determined goal

Causality



Distinguishing characteristics
Generating new means to achieve pre-determined goals.

Creative Causality



Distinguishing characteristics :
Imagining possible new ends using a given set of means

Effectuation

Causal rationality

Begins with a pre-determined goal and a given set of means
Seeks to identify the optimal (fastest, cheapest, most efficient etc.)
alternative to achieve the given goal

Effectual reasoning

Begins with a given set of means
Allows goals to emerge contingently over time from the varied imagination and diverse aspirations of the founders and the people they interact with

Classic "Causation" Model from Marketing Textbooks

Market Definition

Segmentation

Targeting

Positioning

A planning mode

THE CUSTOMER

**Customer
Identification**

Customer Definition

Adding Segments/Strategic Partners

Definition of one of several possible markets

A doing mode

Process of Effectuation

Effectual reasoning

- ▶ The Process starts with:
 - ▶ Who they are – their traits, tastes and ability
 - ▶ What they know – their education, training, expertise, and experience
 - ▶ Whom they know – social and professional networks
- ▶ This leads to a strategy for how to act

Effectual reasoning

- ▶ What can I do with my resources?
- ▶ Surprises are not deviations from the path, they are the norm.
- ▶ Don't do market research to start with. Imagine new markets and create them.
- ▶ Ready – fire – aim! (Not: ready-aim-aim-aim-aim...)

New Product and New Market

- ▶ Little information is present
- ▶ Feasibility analysis inherently difficult
- ▶ This is where effectual reasoning makes most sense

	Existing Market	New Market
Existing Product	Opportunity recognition	Opportunity discovery
New Product	Opportunity discovery	Opportunity creation



Entrepreneurship as Method and Enterprising Individuals

New Research Stream?

- ▶ Phenomenon-driven study: enterprising individuals expressing themselves and structuring their activities via blogs
- ▶ Entrepreneurship-as-method paradigm as a way to understand this emerging phenomenon

Definition: Entrepreneurship as Method

- ▶ Entrepreneurship is a distinct method of human problem-solving
 - ▶ “Empirically evident
 - ▶ Teachable to anyone who cares to learn
 - ▶ Applicable in practice to a variety of issues central for human development and social improvement”

Sarasvaty & Venkataraman, 2011

Enterprising Individuals

Working Definition

- ▶ People who embrace entrepreneurship as a life style and general method of problem-solving, including gaining (additional) income
- ▶ Entrepreneurship as general problem-solving method presumes
 - ▶ Being opportunity-driven
 - ▶ Innovative
 - ▶ Proactive
 - ▶ Embrace uncertainty

Future Research

- ▶ Study of enterprising individual – new fascinating area of entrepreneurship research enquiry
- ▶ A tip of an iceberg (how common is the phenomenon)?
 - ▶ Bloggers as institutional entrepreneurs (Swedish case)?
 - ▶ (Fashion) bloggers as endorsers?
 - ▶ How common are blogs-turned-books?
 - ▶ Entrepreneurs using blogs as start-up aid?
 - ▶ What other entrepreneurial activities/business models are based on social media networks?

Future Research

- ▶ Enterprising individuals and technology
 - ▶ Do social media networks (blogs, Twitter, Instagram etc.) make people more enterprising/ entrepreneurial?
- ▶ Technology and scientific enquiry
 - ▶ How to deal with massive data of 10-15 years' worth in blogs archives?
 - ▶ Netnography – methodology development for emerging context?

Future Research

- ▶ Other empirical contexts of entrepreneurship-as-method, e.g. Decision-making under uncertainty?