

## Entrepreneurial Mannerisms and Success Impact – Exploring Effectuation-Based Environmental Perception

**Marc Dressler**

*University of Ludwigshafen, Germany*  
(marc.dressler@hwg-lu.de)

---

### *Abstract*

◦*Purpose – Entrepreneurship is regarded as positive trait with entrepreneurs being characterized as opportunity seekers and finders. Underlying entrepreneurial decision making as well as causal relationships have experienced limited scientific analysis, especially in agricultural and wine context.*

◦*Design/methodology/approach – The hereby reported empiric study explores the environmental perception of decision makers in the German wine industry, leaning on the concept of effectuation. An analysis of whether external environment is perceived to be “opportunity rich” or “predominantly risky” allowed to analyse entrepreneurship and the impact of the environmental perception on business results.*

◦*Findings – The preliminary findings are that (a) an opportunity rich perception of the external environment illustrates effectuation and (b) that such entrepreneurial trait positively impacts business results*

◦*Practical implications – Entrepreneurs in this stagnant market outperform competitors applying effectuation and bricolage.*

Key words: Entrepreneurship, effectuation, wine industry, environmental perception, bricolage, success factors.

---

### 1. ENTREPRENEURIAL BEHAVIOR AND DECISION MAKING

As early as the 6th century BC the Chinese philosopher Laozi stated that “only those who know their destination will find their way”. Today, the concept of “effectuation” characterizes such entrepreneurial behavior, whereas “causation” often refers to juxtapositioning corporate decision making (Sarasvathy, 2001, Reuber et al., 2016). Successful entrepreneurship is often refereed to be guided by ‘guts instinct’ rather than theoretically-founded principles, with entrepreneurs tending to make right decisions despite limited information and high uncertainty. With the improvement of future-oriented decision-making it is of considerable importance to

further explore the nature of decision-making (Smolka et al., 2018). This holds especially true for an industry with high uncertainty due to dependence on nature – such as agriculture and therefore the wine production. An online survey of 315 German wineries explores entrepreneurial spirit and implications. 2018 was a year with high yields in the German wine industry. As the German wine consumption is stagnant, more volume can be perceived as an opportunity (market growth) or a risk (price pressure). The survey explores environmental perception, organizational measures, and business impact.

## **2. PRELIMINARY LITERATURE REVIEW**

Entrepreneurship research initially based on personal traits with proactiveness in decision-making, risk taking mentality, creativeness and innovativeness as entrepreneurial characteristics (Dana et al., 2016, Covin and Slevin, 1991, Gartner, 1990). Following, research opened for an organizational perspective (Antoncic and Hisrich, 2003, Amo, 2010, Dimitratos et al., 2014, Stopford and Baden-Fuller, 1994, Stevenson and Jarillo, 2007) but also additional entrepreneurial characteristics (Robles and Zárrega-Rodríguez, 2015, Dimitratos et al., 2014, George and Marino, 2011). Following research on entrepreneurship leans on strategic management and environmental perception to found the concept of effectuation where entrepreneurship symptomizes as a clever allocation of available means (Sarasvathy 2001). Notably, in the last decade the named theory has attracted a considerable amount of attention in research (Read and Dolmans, 2012, Dew et al., 2008).

A commonality of entrepreneurship research is that it claims a positive impact on performance as a result of seizing opportunities (Man et al., 2008, Dyer et al., 2008). Strategic management research, wherein external environmental assessment builds a cornerstone for decision making, is therefore also of high relevance (Papadakis et al., 1998, Ward, 2000). Strategic management builds on an in-depth analysis of the external and internal environment and a change of the environments (Miller, 1986, Bowman and Helfat, 2001). Strategy development thus begins by evaluating the internal and external environment (Miller, 1987, Papadakis et al., 1998). Again, entrepreneurship is defined as a positive interpretation of the environment combined with an ability to cope with dynamic environmental, often called with a French term “bricolage” (Zahra and George, 2002, Mallak, 1998, Servantie and Rispal, 2018).

In the current state of research, decision-making in agricultural businesses has not been widely emphasized (Seuneke et al., 2013, Inderhees, 2007). The agricultural sector is constantly exposed to high levels of uncertainty driven by the unpredictability of nature. In addition, climate change has created more inconsistencies which yet remain to be effectively managed (Bindi and Howden, 2004, Malheiro et al., 2010). As a result, further analyses on entrepreneurial behaviour and effectuation complements entrepreneurship theory and practical decisions in the wine industry (Haller et al., 2017).

## **3. DESIGN/METHODOLOGY/APPROACH**

The underlying study explores the use of the effectuation approach in the wine world. The presumption is that winemakers apply effectuation-based decision making especially when facing agricultural, oenological or investment decisions. Further factors that might influence the decision approach include the sizes of the wineries, its strategy or positioning. An online survey was sent to more than 2,000 German wineries with a response of 295 useable interviews. The analyses provide insight on environmental perception, seized measures, and business impact.

#### 4. PRELIMINARY FINDINGS

The preliminary findings are that (a) an opportunity rich perception of the external environment illustrates effectuation and (b) that such entrepreneurial trait positively impacts business results.

#### 5. PRACTICAL IMPLICATIONS

Entrepreneurs in this stagnant market outperform competitors applying effectuation and bricolage.

#### LITERATURE

- AMO, B. W. 2010. Corporate entrepreneurship and intrapreneurship related to innovation behaviour among employees. *International Journal of Entrepreneurial Venturing*, 2, 144-158.
- ANTONCIC, B. & HISRICH, R. D. 2003. Clarifying the intrapreneurship concept. *Journal of small business and enterprise development*, 10, 7-24.
- BINDI, M. & HOWDEN, M. Challenges and opportunities for cropping systems in a changing climate. 4th International Crop Science Congress, Brisbane, Australia, 2004.
- BOWMAN, E. H. & HELFAT, C. E. 2001. Does corporate strategy matter? *Strategic Management Journal*, 22, 1-23.
- COVIN, J. G. & SLEVIN, D. P. 1991. A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship theory and practice*, 16, 7-26.
- DANA, L.-P., GRANDINETTI, R. & MASON, M. C. 2016. International entrepreneurship, export planning and export performance: evidence from a sample of winemaking SMEs. *International Journal of Entrepreneurship and Small Business*, 29, 602-626.
- DEW, N., READ, S., SARASVATHY, S. D. & WILTBANK, R. 2008. Outlines of a behavioral theory of the entrepreneurial firm. *Journal of Economic Behavior & Organization*, 66, 37-59.
- DIMITRATOS, P., LIOUKA, I. & YOUNG, S. 2014. A Missing Operationalization: Entrepreneurial Competencies in Multinational Enterprise Subsidiaries. *Long Range Planning*, 47, 64-75.
- DYER, J. H., GREGERSEN, H. B. & CHRISTENSEN, C. 2008. Entrepreneurial behaviour, opportunity recognition, and the origins of innovative ventures. *Strategic Entrepreneurship Journal* 2, 317-338.
- GARTNER, W. B. 1990. What are we talking about when we talk about entrepreneurship? *Journal of Business venturing*, 5, 15-28.
- GEORGE, B. A. & MARINO, L. 2011. The epistemology of entrepreneurial orientation: Conceptual formation, modeling, and operationalization. *Entrepreneurship Theory and Practice*, 35, 989-1024.
- HALLER, C., SANTONI, J., BARTH, I. & AUGARDE, C. 2017. An understanding of peer support in an effectual entrepreneurial process: case of French wine-entrepreneurs. *International Journal of Entrepreneurship and Small Business*, 32, 208-228.
- INDERHEES, P. 2007. *Strategische Unternehmensführung landwirtschaftlicher Haupterwerbsbetriebe: Eine Untersuchung am Beispiel Nordrhein-Westfalens*. Niedersächsische Staats-und Universitätsbibliothek Göttingen.

- MALHEIRO, A. C., SANTOS, J. A., FRAGA, H. & PINTO, J. G. 2010. Climate change scenarios applied to viticultural zoning in Europe. *Climate Research*, 43, 163-177.
- MALLAK, L. 1998. Putting organizational resilience to work. *Industrial Management*, 4, 8-13.
- MAN, T. W., LAU, T. & SNAPE, E. 2008. Entrepreneurial competencies and the performance of small and medium enterprises: An investigation through a framework of competitiveness. *Journal of Small Business & Entrepreneurship*, 21, 257-276.
- MILLER, D. 1986. Configurations of strategy and structure: Towards a synthesis. *Strategic Management Journal*, 7, 233-249.
- MILLER, D. 1987. The structural and environmental correlates of business strategy. *Strategic Management Journal*, 8, 55-76.
- PAPADAKIS, V., LIOUKAS, S. & CHAMBERS, D. 1998. Strategic decision-making processes: the role of management and context. *Strategic Management Journal*, 19, 115-147.
- READ, S. & DOLMANS, S. 2012. Effectuation 10 year waypoint. *International review of entrepreneurship*, 10, 25-46.
- REUBER, A. R., FISCHER, E. & COVIELLO, N. 2016. Deepening the Dialogue: New Directions for the Evolution of Effectuation Theory. *Academy of Management Review*, 41, 536-540.
- ROBLES, L. & ZÁRRAGA-RODRÍGUEZ, M. 2015. Key Competencies for Entrepreneurship. *Procedia Economics and Finance*, 23, 828-832.
- SARASVATHY, S. D. 2001. Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency. *Academy of Management Review*, 26, 243-263.
- SERVANTIE, V. & RISPAL, M. H. 2018. Bricolage, effectuation, and causation shifts over time in the context of social entrepreneurship. *Entrepreneurship & Regional Development*, 30, 310-335.
- SEUNEKE, P., LANS, T. & WISKERKE, J. S. 2013. Moving beyond entrepreneurial skills: Key factors driving entrepreneurial learning in multifunctional agriculture. *Journal of Rural Studies*, 32, 208-219.
- SMOLKA, K. M., VERHEUL, I., BURMEISTER-LAMP, K. & HEUGENS, P. P. 2018. Get it together! Synergistic effects of causal and effectual decision-making logics on venture performance. *Entrepreneurship Theory and Practice*, 42, 571-604.
- STEVENSON, H. H. & JARILLO, J. C. 2007. A paradigm of entrepreneurship: Entrepreneurial management. In: Á., C., D., R. & S., R. (eds.) *Entrepreneurship*. Berlin: Springer.
- STOPFORD, J. M. & BADEN-FULLER, C. W. 1994. Creating corporate entrepreneurship. *Strategic management journal*, 15, 521-536.
- WARD, P. T. D., REBECCA 2000. Manufacturing strategy in context: environment, competitive strategy and manufacturing strategy. *Journal of Operations Management*, 18, 123-138.
- ZAHRA, S. A. & GEORGE, G. 2002. Absorptive capacity: A review, reconceptualization and extension. *Academy of Management Review*, pp. 185-203.