CAUSATION AND EFFECTUATION IN THE PROCESS OF ENTREPRENEURIAL NETWORKING

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Principal Topic

Causation and effectuation are constantly intertwined and balanced in entrepreneurial activities. However, the emerging field of effectuation mainly focuses on exploring effectual logic of reasoning. Considering that causation and effectuation are not the opposite constructs of a continuum but rather the orthogonal strategies that can have a certain degree, it stays unclear how causal and effectual actions can be balanced and unfold hand in hand. This article puts causation and effectuation into the context of entrepreneurial networking to explore how entrepreneurs establish relations following causal and effectual logic and how they balance these two logics. By doing so, this article responds to the numerous calls for studying the dynamics of entrepreneurial networks and enhancing the understanding of their complexity. It would also extend effectuation theory by applying its principles to the context of entrepreneurial relations. The paper provides a model of entrepreneurial network formation where the processes of causal and effectual networking are contrasted.

Method

The empirical part of the study follows qualitative methodology, namely multiple-case study strategy. This study focuses on entrepreneurial networking of nine founders of six firms in Finland. The semi-structured interview has been chosen as a data collecting method. The study also incorporates secondary data. The data analysis includes within-case and cross-case displays in forms of field notes, matrixes, tables and networks that have been used to find patterns and themes in the data.

Results and Implications

The data show that both causal and effectual networking strategies are present in the process of an entrepreneurial network formation. The way the entrepreneurs networked, causally or effectually, depended on the content of establishing relation or the instrumental function of a tie. Also, the choice for effectual networking depended on the value of either quality or quantity of relations. Thus, entrepreneurs are likely to network effectually when the quantity of relations is more important than their quality; also, they are more likely to network causally when the quality of relation is more important than quantity. In addition, the interviews demonstrate that the preference for effectual networking depended on the personality of entrepreneur.

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