

Chapter 5

The Use of Vignette Experiments in Business Strategy Research

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ABSTRACT

Scholars in business strategy research often face the challenge of obtaining the necessary empirical data to test causal relationships that form the foundation for many practitioner-oriented recommendations. About two decades ago, Priem (1992) and Priem and Harrison (1994) provided compelling introductions to and called for using vignette experiments to overcome this impasse. Yet, little is known on vignette experiments' actual use in business strategy research. In this chapter, a search of past applications suggests little overall use, yet a broad diversity in both the themes studied with vignettes and the ways the vignettes were used by scholars. These findings suggest that a number of open methodological issues likely have hampered more common use of the method so far.

INTRODUCTION

Scholars in business strategy research often face a dilemma: The data needed for arriving at practitioner-oriented recommendations should be suited to make causal claims (Bettis, 1991; Durand & Vaara, 2009; Hoskisson, Hitt, Wan, Yiu, 1999; Shrivastava, 1987), yet such data is hard to obtain in field surveys as cross-sectional designs are insufficient to demonstrate directional

claims (Narayanan, Yan & Zahra, 2009; Schwenk, 1982) and as longitudinal designs are cumbersome to implement for a number of reasons (Oppewal, Louviere & Timmermans, 2000). This has led in recent years to a growing interest in experiments as an alternative way for obtaining empirical data suited for testing directional claims.

Experiments expose the participants to stimuli controlled by the experimenter, thereby providing the capacity to infer causality (Colquitt, 2008).

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They can be designed and conducted in multiple ways. One of these alternative approaches makes use of short descriptions of a person, a social situation or an object that contain precise references to “what are thought to be the most important factors in the decision-making or judgment-making processes of respondents” (Alexander & Becker, 1978, p. 94). These descriptions are often referred to as ‘vignettes’ and serve as cues to respondents. They allow collection of their responses to these cues. Such vignettes are used by a whole family of methods (Jasso, 2006), the most prominent member of which is arguably conjoint analysis. It has made large inroads into marketing and consumer research and practice over the last four decades and uncovers attitudes, preferences and decisions of customers to contrived products or service offerings (e.g., Carroll & Green, 1995; Iyengar, Jedidi & Kohli, 2008).

In addition to proving a sound basis for causal inferences, using vignettes in an experimental manner to trigger respondents’ answers has a number of benefits. Priem (1992) and Priem and Harrison (1994) provided compelling introductions to the method and called for using vignette experiments to shed more light at business strategy.

Some twenty years after Priem (1992) and Priem and Harrison (1994), little is known however on whether scholars have responded to the call for more vignette experiments in business strategy research, on the different forms of vignette experiments’ actual use in the field, and persisting open methodological issues.

To shed more light at these questions, I present and discuss the results of a full-text search of the literature in the EBSCO Business Source Complete publications database. The past applications uncovered by the computerized search suggest little overall use of vignette experiments, yet a broad diversity in both the themes studied with vignettes and the ways the vignettes were used by scholars. These findings suggest that a number of open issues likely have hampered more widespread use of the method so far.

VIGNETTE EXPERIMENTS

Vignettes are the foundation for a family of closely related, yet slightly differing methods – some strongly experimental and providing a sound basis for inferring causality, others only to a lesser degree, and yet others not allowing causal inferences at all. The members of this family are referred to under various names in literature but can broadly be classified into (1) full factorial vignette experiments which are also referred to as full factorial survey (Rossi & Anderson, 1982; Taylor, 2006), or orthogonal policy-capturing studies, (2a) (reduced) fractional vignette experiments (aka: fractional factorial surveys) using an experimental plan as selection basis, (2b) (reduced) random selection factorial vignette experiments, (3) non-orthogonal policy-capturing or non-orthogonal social judgment studies, and (4) single-scenario studies.

With the exception of single-scenario studies (e.g., Fredrickson & Mitchell, 1984; Fredrickson, 1986), all methods employ a set of deliberately varied vignettes, which contain the independent variables of the study (Priem, Ndofor & Voges, 2004). The independent factors (i.e. variables) for such an empirical investigation are deliberately fixed by the experimenter and provided to the respondents as cues (Jasso, 2006; Webster & Trevino, 1995).

Full factorial designs exploit all potential combinations of their underlying factors (Jasso, 2006). The other three methods, in contrast, rely only on a subset of these possible combinations. So-called fractional vignette experiments analyses employ an experimental plan to select the vignettes used out of all possible vignettes. Given that a fractional factorial design requires less vignettes to be used in a study (thus lowering the burden for participants or the necessary number of participants), such analyses are a very popular method in marketing and consumer research and practice (e.g., Carroll & Green, 1995; Iyengar et al., 2008). Random selection factorial vignette

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