

Chapter 22

Universal Lessons in Strategic Pivots: Case Studies on Entrepreneurial Decision Making

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ABSTRACT

The edited book chapter employs a multiple case study approach to investigate strategic pivots integrating strategic thinking and entrepreneurial decision-making among PayPal, Nintendo, Twitter, and YouTube. The author has used metrics to evaluate the performance of four companies' strategic pivots, to compare and contrast the businesses, and to identify commonalities among the strategic pivots. The study shares insights into the early-stage entrepreneurs' strategic reorientation and allocation of resources. The findings reveal that the strategic pivot was significantly needed due to market conditions or technological changes. Only alert entrepreneurs who can identify and seize the opportunities in the environment can pivot. All four companies had a culture of innovation and employee empowerment that enabled the strategic pivot. The study has led to a paradigm that combines strategic thinking, strategic management, and entrepreneurial decision-making to comprehend pivot choices.

INTRODUCTION

Entrepreneurship is recognized as a fundamental value in an economy. Numerous researchers have described entrepreneurship phenomena from various standpoints (Bruyat & Julien, 2001). Compared to 1980, entrepreneurship has become more complex and heterogeneous. Entrepreneurs identify and select the right opportunities for new businesses (Stevenson et al., 1985). Entrepreneurial cognitive behavior akin to strategic thinking aims to create opportunities and navigate uncertainty and stands at the core of management and entrepreneurial studies ((Hitt Ireland Hoskisson, 2019); Titus & Adiza, 2019). Research has been extensively done on entrepreneurs selecting one solution from a universe of possibilities. Also, research is developed in the area of entrepreneurship involving aspects related to how they build cognition, frame objectives, and goals, and identify opportunities and resources to create

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value and competitive advantage (Alvarez & Barney, 2007; Anderson et al., 2019; Kuratko et al., 1997; Rascão, 2020; Sarasvathy, 2004; Wood & McKinley, 2010, Maria et al., 2023). Entrepreneurs explore new strategic options to grow their enterprises with the business landscape changing dynamically with the rise of intense competition. Entrepreneurial decision-making is complex. It involves navigating uncertainty and exploiting opportunities. Entrepreneurs need to adapt to strategic thinking as it involves a long-term policy and the ability to integrate diverse perspectives into coherent business strategies.

The dynamic changes in the marketplace, intense competition, disruption, and unstable economic conditions imply risky conditions that affect business success. Entrepreneurs must anticipate and respond to these changes (Malecki, 2018; Richard et al., 2006). Entrepreneurship means decision-making in uncertainty, thus making risk an integral part of decision-making (Shepard et al., 2015). Entrepreneurs analyze the potential consequences of all available options and decide after critical stakeholder consultation (Melovic, 2022). Rational decision-making can lead to successful decision-making by entrepreneurial companies. Entrepreneurial decision-making can be defined as the entrepreneurial choice of exploiting opportunities for market success.

Strategic management enables entrepreneurs to systematically analyze the environment, formulate the strategy, and implement them. Entrepreneurial strategic thinking remains more insightful as firms seek new opportunities and explore uncharted global marketplaces (Contractor et al., 2018). Their strategic thinking aims to create opportunities and allocate and leverage resources to gain a sustainable competitive advantage that drives business processes and market dynamics and fuels fulfilling social and economic needs (Hilt et al., 2019; Wood and McKinsey, 2010). Strategic management is a process of thinking that creates sustainable and competitive value. Strategic thinkers are those who, with their decision-making, can realize organizational vision and mission in the uncertain business landscape with increased competition and challenging environmental issues. Strategic decision-making influences an organization's performance and profitability (Feng et al., 2022). Decisions like product invention, market innovation, and risk-taking ability are part of entrepreneurial performance. In the present situation of competition and sustainability, businesses must include various issues in their strategies to build and offer sustainable solutions in a highly competitive environment (Abbas, 2020). The research of Feng, Han, et al. (2022) found that entrepreneurs can benefit from enhancing their strategic decision-making capabilities. Entrepreneurs' most crucial aspect is their ability to generate new ideas.

An entrepreneur's biggest impediment is identifying a feasible and profitable business idea. History has many instances of companies where entrepreneurs have significantly changed the original business idea. Before determining its profitable business strategy, PayPal had several pivots. Confinity was the firm's original name, and it specialized in mobile device encryption before moving on to PalmPilot financial transactions and, eventually, email-based online payments. eBay users were primarily responsible for this latest change's tremendous success. Nintendo began producing electronic games instead of playing cards as its main product. More recently, it took a different approach, prioritizing ease and utility over improving aesthetics, which led to gadgets like the Nintendo Switch and Wii. Originally, the podcasting website Twitter was first known as Odeo. After podcasting was announced on iTunes and Apple, the firm evolved into the microblogging network now known as Twitter. Under Elon Musk's control, Twitter saw a significant makeover in July 2023, changing its name to "X." Before YouTube, the first video-dating website was "Tune In Hook Up." The founders realized the need for a more comprehensive video-sharing network, which led to the current iteration and Google's eventual acquisition.

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