

Chapter 2

Using Decision Sciences to Enhance Entrepreneurial Foresight: The Comprehensive Situation Mapping Approach

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ABSTRACT

The theoretical simplicity of contrasting the notion of energetic search of Baron and Fiet with that of alertness (without search) of Kirzner have been winning over more complex yet more actionable formulations. In contrast, this paper introduces a less dogmatic and more actionable integrated framework that could be viewed as either passive search or active alertness. By investigating how the thinking and methods of decision sciences can assist with capturing alertness, the paper shows how foresight can be implemented in practice through a newer form of causal mapping, Acar's Comprehensive Situation Mapping (CSM). This is an enhanced form of causal mapping that lends itself to dialectical debate and assumption analysis. It also possesses computational properties that allow it to devise and compute change scenarios. Bringing CSM into the field of entrepreneurship augments the latter's analytical capability for opportunity recognition and contributes an actionable approach to entrepreneurial strategy selection.

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1. INTRODUCTION

Discovery is 10% inspiration and 90% perspiration.

Thomas Edison

In spite of the array of methods and techniques made available by the sciences of decision, successful entrepreneurship still hinges on the ability of some actors – individual or collective – to identify and enact hitherto unnoticed opportunities, all the while earning entrepreneurial rents (Alvarez & Barney, 2004) in the process of such enactment. How entrepreneurial opportunities are recognized has for a long time been subject of conceptual and empirical scrutiny by entrepreneurship scholars (Kirzner, 1973; Shane, 2000; Busenitz, West, Shepherd, Nelson, Chandler & Zacharakis, 2003; Fiet et al., 2005). There even exist *conflicting* prescriptive studies that explicitly treat the issue of whether anything could be done to increase the likelihood of high-quality entrepreneurial opportunities identification (Ardichvili, Cardozo & Ray, 2003; Fiet & Patel, 2008). The need for greater analytical input is becoming manifest to practitioners as well as researchers.

Also, despite the fact that opportunities may be identified and exploited by both individual and collective (corporate) entrepreneurs, when it comes to scholarly examination of opportunity gestation most attention is focused on the former and not the latter. To be sure, we have learned a great deal about the factors that make identifying high-quality opportunities by individuals more likely. In particular, opportunity identification is suggested to be a function of the actor's prior experience (Shane, 2000), and is said to depend on the actor's alertness or the innate ability to recognize—without active conscious search—opportunities not evident to others due to sheer ignorance (Kirzner, 1979, 2008). In this sense, to an outsider opportunity identification by unusually alert entrepreneurs may be seen as prescience or pre-cognition.

What we do not understand well is whether collective actors (organizations) differ in their ability to foresee the future and identify unnoticed opportunities and, if so, whether anything could be done to develop such ability in organizations. It is reasonable to assume, though, that much as individuals differ with respect to their possession of the faculty of alertness, organizations vary greatly in their ability to decode the future and determine the opportunities susceptible to profitable exploitation. While some firms are to some extent pre-cognizant of the future states of the world and may focus their efforts in the proper direction to beat their competition, other firms take a passive, reactive stance dealing with the opportunities as they surface and become equally available for all competitors. It appears, however, that organizational ability to foresee the future and spot profitable opportunities can be developed if resources are invested properly.

As we intend to demonstrate, there are many parallels between individual alertness and organization's entrepreneurial foresight. The very motivation for engaging in enterprising behaviors is almost identical: for individuals it is "self-interest seeking with guile" and for corporations it is profit-seeking (albeit often disguised behind "fiduciary responsibilities" language). Both individual entrepreneurs and organizations are more likely to discover high-quality opportunities when they incorporate their prior experience (or organizational heritage – routines, resources, capabilities) into the search process. Understanding one's own heuristics and biases (assumptions) may be of importance to both. Thus, it is not unreasonable to expect that the elements that comprise individual alertness and organizational entrepreneurial foresight are comparable. Espousing an innovative operational view, this paper suggests how such pre-cognition, or entrepreneurial foresight, might be developed by organizations dedicated to becoming corporate entrepreneurs.

If we gain understanding of the elements necessary for entrepreneurial foresight to thrive, we

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