Synergizing Thought and Action: Unleashing Strategic Potential in Entrepreneurial Environments

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ABSTRACT

This paper explores the interplay between thinking and doing in the formation of effective strategies within entrepreneurial settings. The global business environment, characterized by increasing competition and complexity, demands firms to adapt entrepreneurial strategies to remain competitive and innovative. While strategy is considered the starting point for any organization, its effective formulation and implementation pose significant challenges. This study recognizes the dichotomy between thinking and doing in strategy formation and emphasizes the importance of integrating both perspectives to create coherent and successful strategies. The paper discusses the need for executives to understand the interdependencies among activities and develop cognitive structures, such as mental models and strategic blueprints, to holistically conceptualize and mesh together the interdependent activities that constitute strategy. By synthesizing both thinking and doing, firms can better capture entrepreneurial opportunities and achieve competitive advantage. The research aims to bridge the gap in understanding how the integration of thinking and doing can lead to effective strategies within entrepreneurial settings.

INTRODUCTION AND BACKGROUND

"Strategy is not the consequences of planning, but the opposite: it's the starting point"

While considering the fact that strategy is considered to be a starting point in any organization or business (Shefer, 2005), effective strategy is of extreme importance. Effective strategy formulation is difficult, executing or implementing it effectively within an organization is even more difficult (Hrebiniak, 2005). Any business strategy can't succeed without proper implementation. And for successful strategy formation, at its core is this dichotomy between doing and thinking stems from the tension between the novelty of the opportunity and the complexity of the set of activities that must mesh together to capture that opportunity (Edmoudson, 2009). Thus with the increase in competition and complexities both description and prescription are important.

As the global competition increases, global business environment demands that well established firms should adapt entrepreneurial strategies' or strategies' in entrepreneurial setting as a path to accomplish (JA Starr, N Fondas , 1992). By strategy we mean a set of activities that are interdependent in nature, and are aimed at creating and capturing   value (porter 1996).Moreover entrepreneurial setting depicts the context of established and entrepreneurial firms competing with strategies' that are innovation-driven and should considering thinking and doing side by side (A Grinstein, 2008).

As the global competition and the global business environment are changing over time, the demand for entrepreneurial strategies' is increasing. Entrepreneurial strategies allow firms and businesses to be creative and to innovate; these outcomes are of extreme importance from the perspective of organizational strategy (J Hartley, E Sørensen, J Torfing, 2013). The reason for this is that dispersing and diffusing of strategic capabilities within an organization, authorizing and empowering individuals to leverage them is considered to be the foundational aspects of successful development and implementation of entrepreneurial strategies (Rivkin, 2014).

In entrepreneurial settings, firms are in position to systematically and regularly recognize and exploit opportunities particularly entrepreneurial opportunities. With the increase is global competition, entrepreneurial strategy is considered to be a potential source of firm's competitive advantage (Morman, 2011). Despite the importance of entrepreneurial strategy within entrepreneurial settings, the process of strategy formation in

entrepreneurial setting in still vague and challenging, as on one side its expected form executives to form advantageous and novel strategies', on the other hand its expected from them to come up with the strategies' that combine individual activities like logistics and innovation into a coherent and complex activity system in such a way that these activities that comprise a strategy fits together (Raubistchek, 2000). Thus one aspect favors the strategy by doing or action however the other favors the strategy by thinking. The two perspectives attached to the entrepreneurial settings makes the process unclear, that either effective strategies' are result of actions and then learning from these actions or the other way around. The dichotomy within thinking and doing along with complexities within the entrepreneurial settings require executives to realize the interdependencies among activities and to form strategies' by focusing on understanding the strategy holistically by using cognitive structure like mental models, including visions and plans, analogies, and identities (C Zott, R Amit , 2010). These cognitive structures can provide holistic, strategic "blueprints" that enable executives to conceptualize how the interdependent activities that constitute strategy mesh together (Eisnhardt, 2007). Theoretical perspective on the foundation of effective strategies' suited for the entrepreneurial settings; the gap is being identified that how both wings that are thinking and doing should be meshed to come up with an effective strategy (Eisemhardt, 2003). Thoughtfully considering how decision-making bodies within firms should achieve effective strategy by meshing both wings, that are thinking and doing. Moreover conceptualizing by synthesizing both wings how firms capture opportunities better than others. Therefore in the paper our major focus is on how two entwined wings are combined: wide view of strategic playing pasture that is thinking side along with the action side that is doing.

Strategy Based on Holistic Understanding-Thinking Based Perspective:

One of the most famous research streams focuses thinking and focuses on how managing bodies particularly executives form strategies' by relying on cognitions. Despite of the fact that in entrepreneurial setting, executives can't envisage the future, they form strategies' once they have a holistic vision and holistic understanding of market, opportunities and their firm. As a result this stream focuses and emphasizes strategizing by thinking (cognitions) in comparison to doing (action) (Gruber, 2011). For strategy formation they focus on effective cognitive structures like precise mental representation models, identity and analogies. Mental models are simplified structures based on cognitions that help individuals to organize their knowledge into a map or a representation that helps in understanding firms, markets and thus their strategies. Effective mental models quickly influence how to act effective and quickly in the face of market shifts and competitive move (Bingham, 2012). Overall squabble of strategy based on cognitive models is that executives with more accurate and holistic mental models, along with connecting and causal logics within markets business, and their own business are more likely to come up with effective strategies'. For instance Gray and Wood (2011) inspects the relationship within performance and mental models in a game based on simulation using sixty three MBA students, the results of the study figured out that students with better and accurate mental models, the one who better understand the causal logic and structures of market and businesses are better able to come up with effective strategies' (Pawell, 2014).

With more precise decisional rules, resultantly achieved higher performance in comparison to others. Another study by Kiss and Bar (2015), conducted a research on mental processes of executives at near about hundred tech-companies. The results demonstrate that executives with more causal links and more complex mental models are more able to form strategies 'in fact effective strategies hence leading to better performance. This stream believes that since the activities in an organization are interconnected, these related activities or related work focuses on crafting a holistic vision. At times this vision materializes from formal planning creating an inclusive view of industry and firm, whereas at other times it involves innovatively conceptualizing the roles of firm particularly within an emerging market and thus envisaging the blueprint of the industry (Kalpan, 2008). For example Ozcan and Eisenshart(2009), in a multiple-case theory building study, observes strategy formation in entrepreneurial firms particularly emerging into mobile gaming business. The results indicate that in this type of ecosystem, the effective strategy is to build portfolios based on appropriate alliances. Even though on effective strategies' is the result of strategy formation by conceptualizing the blueprint or vision for the industry ecosystem (Shepherd, 2010). However in comparison those entrepreneurs who don't have a holistic vision come up with more myopic and less triumphant strategies.

This stream has a more broad perspective and view of strategic playing field; they usually conceptualize relationships and strategy beyond the boundaries of their firms. Having a broad perspective of playing field, having a deep understanding of strategic playing field and game, competitors, buyers, suppliers, competitors not just the rivals. More synthesized and deep understanding of the playing field results in forming more effective strategies. Eisenhardt(2009) conducted a research on five different firms, started in five emerging markets and founding conditions. Results indicate that regardless of mistakes, firms become stars of internet boom era. Another aspect that pays attention on how individuals within different firms particularly in entrepreneurial setting use analogies. Analogies are structures based on cognitions that help in solving problem (Wood, 2011).By analogies individuals use mental models based on previous conditions to better understand the present

condition. Analogies are based on personal experience, values and previous knowledge about the problem or condition at hand. Analogies can facilitate executives to form holistic and accrete mental model. Usually analogies are based on current problems and past solutions Gregoire(2010), how executives form hypothetical strategies 'to introduce new technologies in entrepreneurial settings, as analogies provide an integrative stencil to form coherent strategies' by connecting disparate activities, resultantly provide with improved opportunity recognition and strategy formation in comparison to those who do not connect dots to figure out the solution of the current problem on the basis of past solution. Even though analogies are hard to use effectively, usually individuals use analogies well when they figure out the difference between analogical target and source (Basu, 2013). From the research it is being figured out these differences should be better analyzed and figured out based on number of analogies.

Analogies are usually better and effective at the beginning of strategy formation. Thus executives who form analogies based on prior repositories of knowledge are better able to form successful strategies. Apart from these two dimensions there is a third one with the name of identity, cognitive structure sheds light on how identity helps in forming strategy particularly in entrepreneurial setting, within an entrepreneurial setting there are two types of identities, first is personal identity whereas the other one is organizational identity, research indicates that identity have an impact on how information is being incorporated and information is being executed to from strategies. Different identities' have different perspectives to form strategies in different entrepreneurial settings. For example a situation that may be considered as an opportunity by one executive is considered as a challenge by others, some forming strategies to clinch adversity whereas other executives encounter it (Siglkow, 2007). Thus the point to focus is that even in same conditions and situations different executives come up with different strategies' based on differences in their personal identities. Overall this stream focuses on how cognitive structures like mental models, identities and analogies can better form strategies' in entrepreneurial settings (Lovollo, 2012). Since they provide the holistic view of organization, they provide strategic blueprints that how executives conceptualize to mesh up interconnected activities to form completive and effective strategies'. Finally this stream focuses structures based on cognitions emerges and how executives constantly update them in fast-paced and ambiguous settings (Langley, 1999).

Strategizing Based on Doing-Learned Experience Perspective:

The other stream focuses on how strategist or executives form strategy based on actions or doing, that is they learn from their actions and experience and then form strategies'. This stream characterized that executives can't think effectively by the consequences of firm based actions or forecast future in entrepreneurial setting since they distinguish and characterize by high velocity i.e. unpredictable, fast-paced and novel markets. In this strategy formation stream executives usually form strategy by trial and error, experimentation and improvisation that focus erudition and learning from experience. Trial and error is erudition process by which executives stick with behavior when outcomes are positive, however in response to the negative outcomes they alter or adjust their behavior. So the executives inclined towards this stream focus on their strategies' particularly focusing on the outcomes of their actions. Foundation to this efficient trial and error is based on the fact that trial and error erudition is codifying learning based on experience to structures like heuristics and simple rules (Gentner, 1993).

Moreover those entrepreneurs who successfully turned their learning on trial and error to simple rules come up with successful strategies' thus successful ventures than those who simply gained knowledge and experience but failed to learn simple explicit rules out of this learning (Marti, 2009). Second learning process with the name of bricolgae is defined as a learning process in entrepreneurial setting where executives form strategies' by doing. It's defined as to use combination of resources at hand particularly to new opportunities and problems (Bingham, Oscillating improvisation, 2012). Thus it's like how executives form strategies' with the help of existing resources to create new values. For example a study by Baker and Nelson (2005) figured out that how different 29 entrepreneurs constrained on resources create value or by employing in bricolage. Research focuses on how effectual bricoleur entrepreneurs let go the constraints and focuses on the available resources to form effective strategies. More recently it has been figured out from research that bricoleur-enterpreneurs is designed to ideate innovative alternatives in both established and new firms particularly operating in entrepreneurial setting. Research on bricolage entrepreneurs indicates that these executives are better able to generate effective and competitive strategies. Thus bricolage research should be for both to come up with strategy that goes beyond the limit of current activities or to come up with a strategy by using minimum resources (Thomske, 2003).

Another approach for learning by doing is based on experimentation, by focusing on exploratory alliances' and prototypes to come up with effective strategies (RG McGrath, 2001) A study conducted by McDonald and Eisenhardt(2017), results that experimentation results in better, effective and efficient strategies. Thus overall this stream focuses on learning from bricolage, trial and error and experimentation strategy particularly in entrepreneurial setting. And it requires the holistic understanding of how all activities fit together and on the basis of these fitted activities, effective strategies are formed from learning based on doing (Gravetti, 2000).

In entrepreneurial setting as we know that visionary aspect is involved, individuals vision the broad perspectives and focuses on creating vision to achieve success based on broad perspective. However in entrepreneurial setting as discussed above one stream focuses on the learning part other stream focuses on the thinking part (Winter, 2002). But majorly focus in entrepreneurial setting is towards thinking that is broadening the vision, entrepreneurial setting unlike positioning and planning perspective it focuses on the wisdom, experience, judgment, and institutions, from the perspective of strategy as an elephant, entrepreneurial perspective is considered to be as the rider of the elephant. The center concept of entrepreneurial setting is vision, a mental representation of a single leader (Kahneman, 2011). In entrepreneurial setting the strategy is considered as seeing ahead, and if you want to see ahead you need to look behind as well, you also need to look side wises, above and also need to dig below, to form an effective strategy. However there are certain risks that are attached to strategy formation in entrepreneurial setting.

Risks to Entrepreneurial Setting:

The biggest risk that is being attached to entrepreneurial setting is that business is usually new in nature, thus high level of uncertainty is involved since we don't have any idea where we are investing. Rather than grand strategy, one should just be focusing on the limited aspects of strategy formation. Moreover strategy formation in entrepreneurial setting focuses only on continually focusing on new opportunities. Even though on one side it impacts positively however on the other side it negatively impacted since, entrepreneurs or executives are constantly in the state of tension.

Another negative aspect of entrepreneurial settings is that power is centralized only in one hand, thus that grand or holistic view can't be examined and strategy is being formed on the basis of limited perspective of only executives. The research conducted on entrepreneurs figured out that in entrepreneurial setting, 41% of the entrepreneurs have no plan, 26% of the entrepreneurs had just an elementary plan , 28% had only blown up plans whereas 5%only wrote up financial projections, thus the focus is only on limited perspective rather than broad perspective on grand strategy. Strategy formation in entrepreneurial settings is usually formed by bold strokes, thus is usually distinguished by dramatic bounds and leaps particularly in the face of uncertainly. Growth is the dominant goal in entrepreneurial setting, executives in entrepreneurial setting considered themselves as empire builders. It's considered that in entrepreneurial setting the focus of executives is just on expansion without considering the grand perspective. It's usually stated that expansion is a sort of disease that is being attached to the entrepreneurs (Strategy Safari book).

In entrepreneurial setting executives usually focused on developing the vision, vision itself is vague or considered to be unpredictable, and in comparison to the mangers, entrepreneurial leaders focuses on spiritual and emotional resources rather than physical resources, technology and human resources (Morman, 2011). Moreover as the strategy formation in entrepreneurial setting is based on individual mind thus process of strategy formation in entrepreneurial setting is considered to be a black box. Hence at times when organizations in entrepreneurial setting runs into trouble, process remains as the black box, we can't predict what's wrong with the process. Thus based on these problems it could be advised that strategy making should be based on thinking and doing collectively.

Effective Strategizing by Meshing Up Thinking And Doing Together:

From the literature it's figured out that both wings have some pros and cons attached to them however effective strategy is on meshing and focusing on both the wings that is thinking and doing collectively. Since entrepreneurial setting is an emerging topic these days, thus a lot of studies these days are being conducted on how to effectively fuse both the wings. These studies focus on how to fuse holistic understanding. And how parts or pieces fit together based on strategically cognitive thinking along with learning based on past experience. Siggelkow(2002), conducted a study on vanguard and figures out how executive bodies of Vanguard form their strategies. Author describes how Vanguard executives launched their strategy by initially thinking through five core activities that emphasized cost leadership. The "blueprint" for these activities was largely borrowed from Vanguard's parent company and reflected the personal values of Vanguard founder, John Bogle. In particular, Bogle valued low-cost yet high-quality investment services. In the context of this holistic understanding, Vanguard executives progressively "thickened" some core activities by adding new and interconnected elements. Meanwhile, they "coasted" (i.e., did not change) activities around other elements (Bingham, Oscillating improvisation:how interpreneurial firms create success in foreign market entities over time, 2009). They also" patched" in two new core elements that fit into their existing holistic view and later thickened the activities around these new core elements as well (Wood G. a., 2011).

Overall, the Vanguard strategy formation began with strategizing by thinking and followed with emphasis on strategizing by doing to fill in the activities within their blueprint. Gavetti and colleagues extend the Vanguard insights in their studies of strategy formation at Lycos (Gavetti&Rivkin, 2007) and Merrill Lynch.Unlike Vanguard, strategy formation at Lycos began with doing—i.e., local search. This strategy of competing as a technology company bounded the actions of executives as they adjusted their strategy through

experimentation and trial-and-error to learn specific activities and form heuristics. A combination of the personal values of executives and their mental representations of the Internet portal industry further formed the Lycos strategy. Also unlike Vanguard, Lycos executives interleaved thinking and doing. For example, after period of learning how to improve their technology oriented strategy, the executives acted on negative feedback and shifted to a thinking approach to strategy formation by using an analogy to media companies (McGrath, 2010).

This analogy provided a new holistic understanding of the business which, in turn, led to new activities and heuristics around acquiring media properties. In recent work, Gavetti and Menon(2016) examine strategy formation by Charles Merrillas he founded Merrill Lynch. Similar to the Lycos executives, Merrill interleaved analogy (in this case, to grocery stores), an understanding of the economics of the industry, and prior experiential learning to form the strategy of this Wall Street innovator (Davis, 2012).Lastly, Eisenhardt (2017) advance the discussion by describing how doing and thinking can simultaneously occur during strategy formation. They study how entrepreneurs develop novel strategies of interconnected activities in eight early stages (Kithleen, 2018). Ventures addressing two-sided markets. These entrepreneurs were better able to form strategy using a pattern that the authors term "decision weaving." Decision weaving involves simultaneously combining: (a) sequential focus on experiential learning (doing) in a focal strategic domain, like adding sellers to the market with (b) steppingstone activities in background domains in order to maintain a holistic and evolving understanding(thinking) of the strategy (Bingham L. B., 2017). Overall, a handful of new studies are beginning to provide a much needed theoretical bridge between strategizing by doing versus thinking in entrepreneurial settings. They suggest that cognitive structures can provide starting points for experiential learning in the doing stream and that unexpected information revealed by learning processescan at least sometimes lead to evolution of holistic understanding in the thinking stream (Pisano, 2011).Nonetheless, despite useful insights into action and cognition as separate aspects of strategy formationand at their intersection, gaps remain that, in turn,suggest a rich agenda for future research.

Thus from literature it is being figured out that Multiple research opportunities exist to improve understanding of strategy formation in entrepreneurial settings. As noted earlier, one research stream emphasizes strategizing by doing and so focuses on action—i.e., how executives form strategy by learning from experience (Cristopher, 2017). This stream, however, pays little attention to how executives might link separate learned activities together to form a coherent strategy—i.e., build the interlocking activities that comprise a strategy (Gruber F. a., 2011). By contrast, the second stream emphasizes strategizing by thinking and so focuses on cognition—i.e., how executives benefit from holistic cognitive structures. This research, however, provides less insight into how these cognitive structures emerge and change, especially collectively in organizations rather than simply in the minds of individuals. thus even though the two wings have different direction of focus, one focus on thinking other focuses on doing, even in these wings there is a need to focus on how the patterns on these cognitions emerge, how the patterns of learning emerges (Eisenhardt, 2009). Moreover other avenue of research is that researchers should focus in detail on meshing perspective of both wings, by longitudinal studies or by using different mix of data and by using multiple method techniques to get more useful insights for academician and practitioners.

CONCLUSION

We began by organizing the research on strategy formation in entrepreneurial settings into two primary streams: one emphasizing strategizing by doing (action) and learning from experience and the other emphasizing strategizing by thinking (cognition) and creating a holistic understanding. The former has rich insights into how executives incrementally form strategies using learning processes, while the latter contributes insights into how executives holistically understand their strategiesusing cognitive structures. Our research agenda explicates that how by meshing both the wings should add value to and knowledge for executives particularly in entrepreneurial settings. Furthermore it provides the future direction of how researchers should explore the area to get new insights.

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