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WORKING PAPER

G. Shirokova, A. Laskovaia, O. Osiyevskyy

**PLANNING STILL MATTERS: EXPLORING
THE ASSOCIATION BETWEEN VENTURE
COGNITIVE LOGIC AND PERFORMANCE IN
DIFFERENT INSTITUTIONAL CONTEXTS**

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Abstract: Strategic management and entrepreneurship literature traditionally pay substantive attention to rational decision-making processes with clear formalized plans and analytical procedures. Despite all the advantages of planning-based logic, some scholars prefer alternative approaches to making decisions. In entrepreneurship field, the effectuation theory rose to prominence, emphasizing analogical rather than analytical reasoning. While prior effectuation research focused primarily on studying personal characteristics of entrepreneurs, this paper is intended to reach a new level in examining macro-level factors that may influence the efficiency of entrepreneurial cognitive processes. Particularly, we investigate how formal institutions shape the relationship between venture cognitive logic of 4413 student entrepreneurs and performance of their ventures. We demonstrate that this relationship is to a large extent shaped by the characteristics of the country-level institutional environment (particularly, level of financial market development and generalized index of the ease of doing business).

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Galina Shirokova — Professor, Director of the Center for Entrepreneurship, Graduate School of Management, St. Petersburg State University
e-mail: shirokova@gsom.pu.ru

Anastasiia Laskovaia — Doctoral student, Graduate School of Management, St. Petersburg University
e-mail: a.laskovaya@gsom.pu.ru

Oleksiy Osiyevskyy – Assistant Professor, Entrepreneurship & Innovation Group, D'Amore-McKim School of Business, Northeastern University (Boston, MA)
e-mail: o.osiyevskyy@neu.edu