

**An Examination of the Balance between Risk
Management as Causation and Bricolage as
Effectuation within Irish SMEs in Foodservice
Industry**

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ABSTRACT

The literature on the role of entrepreneurial effectuation and causation approaches has been growing increasingly (Kvitastein and Aarstad, 2019). The growing has occurred because a number of small and medium companies have been established over the years which drew the attention of researchers to them.

Currently, the implementation of both approaches has a significant contribution for companies to adapt to the rapid changes in the market, where risks emerge during the undertaking process (Mero, Tarkiainen and Tobon, 2020). Therefore, companies are required to run their business carefully and strategically (Verbano and Venturini, 2013). For this matter, knowing strategies to handle and to reduce unpredictable events in order to run the businesses successfully is essential to company's survival, mainly SMEs that are increasingly more susceptible to let the risk materialize (Verbano and Venturini, 2013) and tackle difficult challenges to establish a solid competitive presence (Tabeli, Tanbakouchian and Amiri, 2020).

In order to contribute to the literature on the entrepreneurial process, this thesis aims to explore the fundamental tension between effectuation and causation, present in most of the entrepreneurial process in SMEs. Therefore, it also explains how risk management is related to causation and bricolage to effectuation. Furthermore, it identifies that certain decisions are made based on the effects of the simultaneous use of both strategies during times of uncertainty. For this matter, this work developed a qualitative research of five case studies represented by small and medium enterprises that operate in the Irish foodservice industry. The respondents will be required to answer fifteen open ended questions, including information about the company's techniques, entrepreneur's profile, type of risks, and also questions based on causation and effectuation perspectives.

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Contents

ABSTRACT	1
SUBMISSION OF THESIS AND DISSERTATION	2
ACKNOWLEDGEMENT	3
1. INTRODUCTION	6
1.1 Research rationale	6
1.2 Research objective	7
2. LITERATURE REVIEW	8
2.1 Effectuation and Causation at entrepreneurial level	8
2.2 Risk Management as Causation	13
2.3 Bricolage as Effectuation	18
2.4 Entrepreneurship in the Irish Food Industry	20
3. RESEARCH QUESTION	24
4. METHODOLOGY	26
4.1 Research design and context	26
4.1.1 Research philosophy	26
4.1.2 Research approach	28
4.1.3 Research strategy	29
4.1.4 Research choices.....	30
4.2 Population and sampling	32
4.3 Data collection and analysis	33
4.3.1 Data collection techniques and procedures	33
4.3.2 Data analysis techniques and procedures	34
4.4 Ethical considerations	35
5. FINDINGS	36
5.1 Data presentation	36
5.2 Planning to control	38
5.2.1 Analysing market and customers	38
5.2.2 Facing the challenges in the sector	38
5.2.3 Creating value strategically	39
5.2.4 Predicting risks	40
5.3 Capturing resources	40
5.3.1 Exploiting resources.....	40
5.3.2 Engaging with the audience.....	41
5.3.3 Experience and intuition.....	41
5.4 Mixing the approaches	42

5.4.1	Manager and innovator profile	42
5.4.2	Facing unpredictable events and improvising	43
5.4.3	Expanding resources and networking	45
6.	DISCUSSIONS	47
6.1	Causation and Effectuation in the entrepreneurial process	47
6.1.1	The use of improvisation towards to adaptation	47
6.1.2	The effectiveness of both approaches	48
6.1.3	The approaches and its environment of application.....	50
7.	CONCLUSION	51
8.	LIMITATIONS, IMPLICATIONS FOR MANAGERS AND AVENUES FOR FUTURE RESEARCH	53
	REFERENCES	54
	Appendix I	66
	Appendix II	67

Table of figures

Figure 1: Demonstration of causal process (Read <i>et al.</i> , 2009)	9
Figure 2: Demonstration of effectual process (Read <i>et al.</i> , 2009)	10
Figure 3: Behavioural concepts of Causation and Effectuation (Mero <i>et al.</i> , 2020).....	12
Figure 4: Risk Management Process (Marling <i>et al.</i> , 2019).....	15
Figure 5: Risk Matrix (Fáilte Ireland, 2020)	16
Figure 6: Expenses in Food and Beverage sector from 2007 to 2017 (CSO, 2019)	21
Figure 7: The expected turnover composition by Irish stablishments (Bord Bia, 2019).....	22
Figure 8: The connection of causation and effectuation.....	25
Figure 9: Research Onion (Saunders <i>et al.</i> , 2009)	26
Figure 10: Sample techniques (Saunders <i>et al.</i> , 2009)	32
Table 1: Respondents' description	34
Table 2: Data structure and findings	37
Table 3: Pseudonyms for the companies	38
Table 4: Status of case studies using the approaches	42

1. INTRODUCTION

An entrepreneur is described as a person who executes business in a period of uncertainty, planning, taking risks, identifying opportunities and solving problems to create value (Akinyinka, Dietz, and Uche, 2017). According to Melo, Silva and Almeida (2019) the term “push” and “pull” emphasizes the motivation of entrepreneurs that occur in a mode of necessity or opportunity. The authors include that entrepreneurs by necessity are those who have no jobs and start a business as a way of generating income to survive. And by opportunities are those entrepreneurs who are in alert to new business opportunities, looking for their independence in terms of surviving and existing. As a result, the discovery and the ways to exploit opportunities to generate incomes and profit are understood as an entrepreneurship process (Shane and Venkataraman, 2000). Entrepreneurship encompasses concepts of strategies and risks and leads entrepreneurs to choose those best fit to help the company’s survival (Akinyinka *et al.*, 2017).

This study contextualises the process of creation and development of a company with two strategy options: Causation or Effectuation. Causation refers to causality; it encompasses analysis and planning. While, Effectuation is the reverse - actions are taken in concordance with the emergence of opportunities during the undertaking process (Saravathy, 2001; Melo *et al.*, 2019). Hence, both strategies have received a significant attention in theoretical and empirical studies in recent years (Kvitastein and Aarstad, 2019). Also, small and medium-sized companies (fewer than 250 employees and/ or turnover under 50MM annually) have an important role in the economy, representing about 90% of the business generating an employment rate of more than 50% worldwide. SMEs contribute and accelerate the economic growth (LABS, 2019; The World Bank, 2020).

1.1 Research rationale

Among SMEs, innovation is the key point to stay ahead of competitors and from there, the challenge arises whereby risky actions need to be taken and appropriate decisions need to be made in order to perform in an uncertain environment (Hopkin, 2013). Irish SMEs have presented failures in terms of strategies and use of resources to manage the risks in the market in this period of uncertainty (Murphy, 2016; Creagh, 2019). Recently, the foodservice industry has been affected by the changes

caused by Brexit and Covid-19 which make small and medium companies in this sector to look for even more alternative strategies to innovate in order to overcome the challenges (Bord Bia, 2020).

At the core of causation and effectuation is the creation of artefacts to tackle the constant changes in the environment that influence the decision making based on reasoning of what is believed to be predictable or not (Sarasvathy, 2001). This is a major characteristic in the current economy. Based on the level of uncertainty companies must provide a plan and carry out predictive tactics or techniques, regarding what can be done with the resources at hand to leverage their businesses. In other terms, the high level of uncertainty drives firms to implement effectuation as a complement to causation to deal effectively with such difficulties and to enhance the company performance. In contrast, this combination may result negatively in an environment with fewer uncertainties and affect the company performance (Dew, Sarasvathy, and Wiltbank, 2009). Servantie and Rispal (2018) add that these two approaches are not in opposition and reinforce that this combination adds value for companies.

However, and taking this into account, both strategies have advantages and disadvantages. Although, very little is known about how entrepreneurs balance both approaches during the entrepreneurial process and the positive and negative effects of adopting the strategies simultaneously.

1.2 Research objective

The purpose of this paper is to explore whether SME entrepreneurs operating in the foodservice industry in Ireland balance causation and effectuation during the entrepreneurial process and, if doing so, to understand how and why this works in practice. To comply with this objective, four initial questions arise: Do SMEs entrepreneurs combine the logics of causation and effectuation during the entrepreneurial process? If so, how and why do two different entrepreneurial logics overlap? How effective are these in their own right and how do circumstances determine how and when these are deployed in practice?

To respond to these questions, the foodservice industry in Ireland was chosen as a study as it is an important sector in the country's economy (Abotsi, Dake, and Agyepong , 2014). Furthermore, this paper aims to help entrepreneurs to better

reflect on how they combine the approaches during the entrepreneurial process in times of uncertainty and unforeseeable issues.

2. LITERATURE REVIEW

This chapter will research how Small and Medium Enterprises (SMEs) in the foodservice industry are balancing causation in risk management in particular, and bricolage as effectuation in their daily practice in Ireland. The topics involved throughout this research are:

- Effectuation and causation at entrepreneurial level;
- Risk Management as causation;
- Bricolage as effectuation;
- Entrepreneurship in the Irish Food Industry.

Nowadays, an effective way to identify measures and procedures to handle risks is to have knowledge about how to adapt strategies to the entrepreneurial process. It can not only reduce the probability of failure due to an uncertain future, but also help to clarify the way on how to allocate resources efficiently. In this context, understanding how to balance entrepreneurial approaches as causation and effectuation is extremely important as supportive tools to manage and to drive SMEs companies to succeed and to sustain themselves into the marketplace.

2.1 Effectuation and Causation at entrepreneurial level

According to Melo *et al.* (2019), two strategy options are part of the process of creation and development of companies: causation and effectuation. Sarasvathy (2001) defines causation as a logical method of prediction, whereas effectuation is given by the author as a control method. To Melo *et al.* (2019), causality is a process that encompasses analysis and planning while effectuation is an inverse process, where actions are taken in concordance with the emergence of opportunities during the undertaking of a business. Both are strategies that help the decision makers implement their tactics at firm level (Yu *et al.*, 2018). In concordance, Sarasvathy (2001) defends that entrepreneurs not only apply rational theory as causation, but they also amplify their strategies to the effectuation process as opportunities are identified.

Zhao and Smallbone (2019) distinguish both logics in other words, by saying that causal and effectual are two logical ways that entrepreneurs opt to run their business. As for the causal logic, they define it as a set of means or causes, flexible to the inclusion of new ones that helps to find the best measure to achieve the objective chosen. On this option, entrepreneurs utilise all resources that compose the company to make external and internal decisions, for example, the classification of the strategic marketing STP model - segmentation, targeting and positioning, defined by Kotler (1991). The method includes as well selection of staff, financial decisions and so on, with the expectation of making a high income to the business with a low risk (Kotler, 1991).

In the same perspective, for Kvitastein and Aarstad (2019) causation logic signifies that entrepreneurs have already a predefined goal and will look for ways to achieve it. The authors include that is a logic related to market orientation, which is considered a cultural guidance for increasing organisational performance. To clarify, since the risk is a manifestation of causation, there is a need to identify its cause or nature to make valid planning in order to control it (Hu *et al.*, 2013). As such, Servantie and Rispal (2018) include causation as a rational method, planned in detail and based on economic and competitive factors.

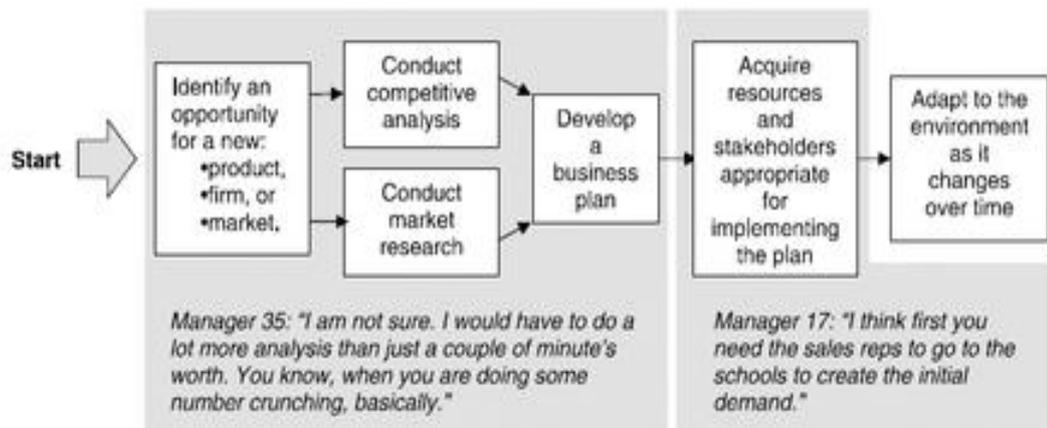


Figure 1: Demonstration of causal process (Read *et al.*, 2009)

On the other hand, when it comes to effectual logic, Zhao and Smallbone (2019) determine it as a method to improvise; as a challenge of both adapting and combining the company to present circumstances, in a creative, flexible and experimental governance which makes use of resources at hand. Kvitastein and Aarstad (2019) corroborate with their definition when punctuate effectuation as a logic that signifies the use of means at hand by entrepreneurs, which results in one or

more goals that could be or not predefined. In this process, decisions are made based on what is possible to achieve with those resources available: abilities, knowledge, network and so on. Questions such as “Who am I? What do I know? What do I have to work with?” and “Who do I know?” help to list what they are able to afford (Read *et al.*, 2009), as can be better explained on the graphic below.

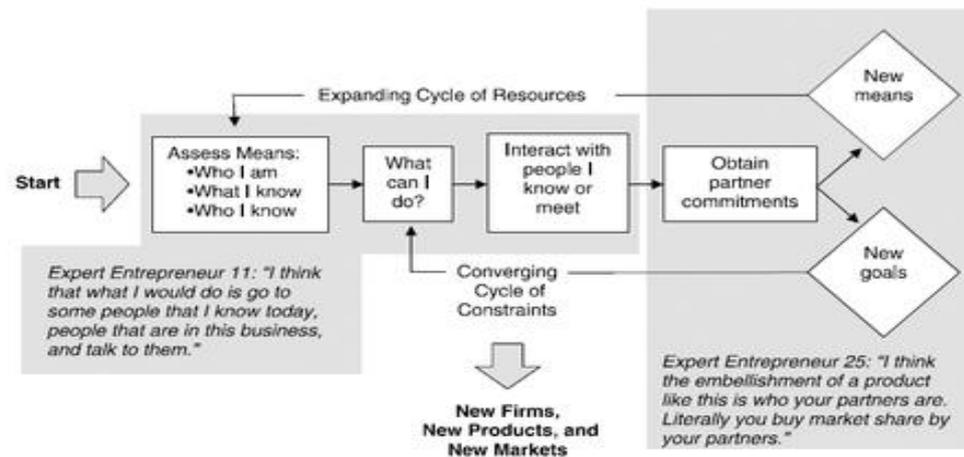


Figure 2: Demonstration of effectual process (Read *et al.*, 2009)

Furthermore, Alsos, Mauer and Solvoll (2018) emphasize the importance of expertise to the effectuation strategy. They punctuate that it requires expert entrepreneurs to handle a set of peaks and troughs in the market as well as it permits new entrepreneurs to become experienced over time. Expertise is defined as the ability to interact the business creation process with the market and economy, causing worldwide effects (Sarasvathy, 2001). Alsos *et al.* (2018) add that it is acquired from a vast knowledge of concepts and procedures obtained through reading and the application of concepts to similar circumstances.

For Servantie and Rispal (2018), effectual approach can also be executed based on entrepreneurs' intuitions. Mero *et al.* (2020) find that in effectual method the reasoning is sometimes connected to the adopter's characteristics - expertise, for example, but most of the time the environmental uncertainty is an ultimatum for their choice, which means that uncertainties make difficult their causal reasoning and, consequently, they opt for the effectual. Alsos *et al.* (2018) add that entrepreneurs with more general experience are more likely to opt to causation rather than effectuation.

Also, the effectual approach is beneficial to small and medium companies because they tend to face a lack of resource. In this case, the cost to invest is affordable since they work with resources available and do not need to acquire external resources

(Chandler *et al.*, 2011). Furthermore, after testing and experimenting, the information extracted from this process can change the course, leading to an evaluation of the best outcomes to make decisions (Chandler *et al.*, 2011). However, Palmie *et al.* (2019) characterise effectuation as a manner to create new opportunities and breakthrough with the low risk of loss. The authors affirm the effectual adopters not necessarily need to apply the entire fundament, but decisions makers are enabled to select efforts from the concept as they believe to fit.

As said by Hovig, Pettersen and Aasrtad (2018), a great difference between effectuation and causation is what is perceived as value to businesses. The authors punctuate that networking is considered a low value in causation perspective, for instance, since entrepreneurs have limited sharing ideas. They have to choose a specific group to work due to the lack of trust or fear of being copied at the same time that they are still looking for manners to achieve their predefined objective. By saying so, they believe that entrepreneurs pursuing causation are well-informed, but not sufficient to their need for resources, affected by their generic knowledge (Hovig *et al.*, 2018).

On the other hand, effectuation perspective recognises networking as a potential source of benefits to facilitate an innovative success. Adopters conduct their businesses by sharing ideas to achieve their goal, testing the diversity of means and then focusing on the most relevant ones (Hovig *et al.*, 2018). Servantie and Rispal (2018) complete by saying that these contractual agreements reduce the uncertainty. Yu *et al.* (2018) add that the alliances are contractual and the responsibilities of the companies are described in these contracts in relation to the partnership, where the future gains and assurances to enhance firm performance are determined.

However, Yu *et al.* (2018) inform that entrepreneurs who adopt only effectuation tend to have reduced effectiveness. The authors Palmie *et al.* (2019) go further by linking the entrepreneur's profile to their strategy choice, saying that people who focus on promotion understand that, somehow, it will promote them. Consequently, it causes motivation to take risks, which leads them to opt for effectuation. Servantie and Rispal (2018) agree with that, and explain that, in this manner, these entrepreneurs prefer to work with the resources available to generate more incomes and so forth. Those people, focused on prevention (causation), are motivated through their safety, when there is no concern about being harmed, which can be understood as causation as much as effectuation (Palmie *et al.*, 2019).

Choice-wise, Sarasvathy (2001) says that entrepreneurs select their strategies aligned to their target and resources. This indicates causation for potential customers, because the business needs to provide a detailed work as well as it requires availability of financial resources, whereas effectuation has as basis customer preferences, investing in one preference at a time, which is affordable to companies with limited resources. Kvitastein and Aarstad (2019) and Sarasvathy (2001) suggest that entrepreneurs who opt for effectuation approach are open-minded and tend to be flexible during the undertaking process. It indicates that these businesses take a basis customer's information to react and improve their knowledge, adapting their business in order to satisfy the customer's preferences and needs. Contrarily, entrepreneurs who choose causation to enterprise act in line, with less flexibility, deep competitive analysis and exploitation of pre-existing knowledge. Matalamaki and Vuorinen (2017) report that effectuation includes theories to innovate and to benefit a turbulent environment. Causation, however, uses resources acquired to meet market demand in a stable ambience. Therefore, it is difficult to apply causation in an uncertain environment (Mero *et al.*, 2020).

Some authors point out that effectuation and causation influence the company's growth. However, they differ in significant aspects, as outlined below (Matalamaki and Vuorinen, 2017, Yu *et al.*, 2018):

Issue	Causation	Effectuation
Future vision	Predictive - align action with predictions	Creative - creative action that shape the future
Has as basis	Starting with a given objective	Starting with use of means
Understanding of risk and resources	Productive: expecting high returns	Affordability: focusing on inexpensive losses
Attitude toward competitors	Protective: Enhancing competitive analysis and keep safe market share	Cooperative: Valuing alliances and cooperative tactics
Actions related to unexpected events	Avoidance of threats: Avoiding harmful events and impactful consequences	Search for opportunities: Enhancing and transforming unexpected events in new opportunities

Figure 3: Behavioural concepts of Causation and Effectuation (Mero *et al.*, 2020)

Furthermore, Matalamaki and Vuorinen (2017) bring another important factor to the discussion. They affirm that effectuation process consequently ends in causation, because establishing a new product or service can be considered as causation. Palmie

et al. (2019) agree with that, and reinforce that effectuation and causation share similarities regarding concept.

Thus, it is relevant to clarify that neither process is better or more efficient than the other. Both ones have advantages and disadvantages, depending on the situation (Sarasvathy, 2001). In this important matter, Yu *et al.* (2018) describe the combination of these two approaches as organizational ambidexterity and explain it encompasses exploitation and exploration of cost, differentiation, competitiveness and collaboration. Additionally, the interactions of the effects of both approaches complement each other.

As such, opting for the mutual use of causation and effectuation provides companies to act with accurate, precise information to avoid extreme risks, because each strategy requires different types of information. For example: causation ponders high return and high risks in case of failure. Effectuation in turn, ponders affordable loss than high gains (Sarasvathy, 2001). In concordance, Kvitastein and Aarstad (2019) add that the combination of both approaches provide entrepreneurial self-efficacy, which refers to the strong entrepreneur's belief that they can achieve or overcome a challenge. Indeed, it is worth to validate that causation and effectuation can occur in the undertaking process simultaneously, since both strategies can interlace and provide different decisions and procedures due to the variation and oscillation of circumstances (Sarasvathy, 2001).

2.2 Risk Management as Causation

Multiple risky factors from market, tendencies, economy, actors, government and so on, makes entrepreneurial growth a complex matter. Linked to an uncertain environment, it can generate a harmful impact for companies as it affects time, cost and quality (Nnamani, 2019). Thus, decision making requires consistent information about possible risks, being necessary to entail risk planning and risk control to risk causality in order to achieve this content (Hu *et al.*, 2013).

As already mentioned on the topic above, Sarasvathy (2001) defines causality or causation as a logical reasoning where entrepreneurs intend to predict to control. Hu *et al.* (2013) take it deeper and specify it as the connection between cause and effect: the cause is the first event and effect is the second. Tseng *et al.* (2020) categorise cause as environment, employee, community, structure while effect is classified as finances and governance.

In turn, risk is the dimension of the probability and gravity of prejudicial results (Lowrance, 1976). Chapman and Cooper (1983) define risk as the consequence of actions based on uncertainty that may possibly generate loss or gains. Likewise, Larson and Gray (2011) punctuate risk as the combination between the possibility of an event that happens and its repercussion, or, better saying, cause and consequence. It is also important to punctuate that risk and issue do not have the same meaning. Issue is defined when a risk materializes and has already affected the business objectives (Sankararajan and Shrivastava, 2012).

As such, risk management can be defined as a process that evaluates risks with the intention of decreasing threats and rising opportunities (Virglerova, 2018). ISO 9001 (cited by Pacana, 2019) sets risk management as the consequence of patterns set to optimize the business, reduce costs and facilitate risk process identification. Brown, Duane and Schuermann (2019) believe that the use of enterprise risk management refers to a set of actions taken to manage risks in the whole organisation, in accordance with the conditions of the company.

Since causation is a prediction process (Sarasvathy, 2001), Mero *et al.* (2020) argue that managing risks as causation is a linear process, which enables companies to predict the future, having as a basis antecedents events which facilitates decision making. Despite this rational reasoning can underestimate constant changes present in the market, the awareness of the cause of risks helps to manipulate factors that encourage risk occurrence and create artefacts to prevent the company from possible problems (Hu *et al.*, 2013). The process is seen as the search for means to achieve the objective (Sarasvathy, 2001). Hu *et al.* (2013) complete by saying that ethical practices, cost and other considerations may not be negotiable or can be high-priced in some contexts of risk management.

From causality, it is possible to learn from techniques of data observation (Hu *et al.*, 2013). In short, Anjum and Rocca (2019) set risk assessment also in two ways; conclusions related to hazards are established due to exposure of various evidences, which are used to evaluate and predict risks in distinct contexts. It is also provided by the causation process (Sarasvathy, 2001; Hu *et al.*, 2013).

Through the concept of Marling, Horberry and Harris (2019), it is possible to observe risk management as a process developed in the following seven phases: planning, identification, analysis, planning responses, executing responses, monitoring and controlling.

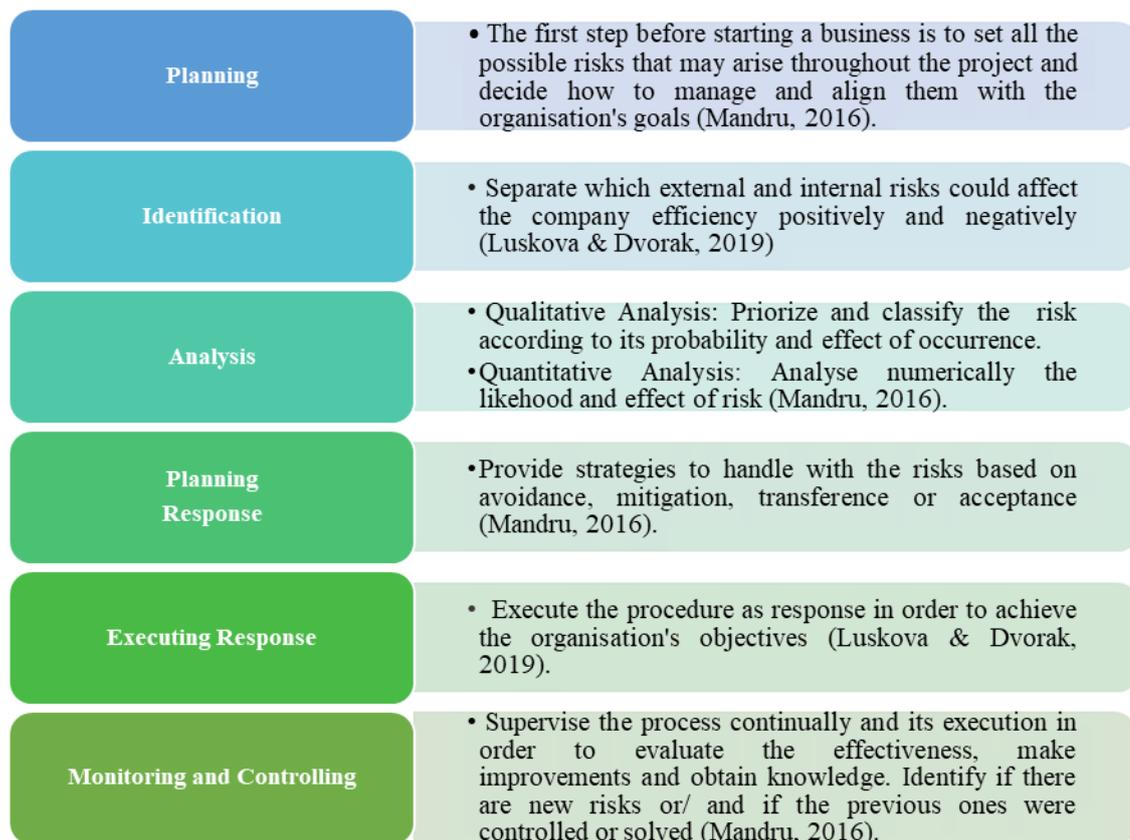


Figure 4: Risk Management Process (Marling *et al.*, 2019)

However, Hu *et al.* (2013) reduce this process into two phases: risk assessment and control. Risk assessment consists of identification, analysis and prioritization of the risks, focusing on causes and its consequences to prepare the business for additional risk control; risk control encompasses planning, resolution and monitoring of the risks. An inadequate application of risk management causes many projects to fail (Hu *et al.*, 2013). Therefore, apply the study of cause and effect to the risk management process helps companies to reduce risks (Li *et al.*, 2019).

In addition, Anjum and Rocca (2019) explain that the attempt to identify the factors that contributed to the cause of harm or predict possible harm is defined as causal matters. Hu *et al.* (2013) consider that consequences and causes must be known first to achieve a valid risk planning and, only then, focus should be pointed on treating the most important risks. In this matter, Fáilte Ireland (2020) informs probability and impact level are also relevant factors that should be evaluated in decision making and risk control process classifying the risk as low, medium and high. Then, it identifies the cause, which aligns the importance of causal logic to risk management process (Anjum and Rocca, 2019). By doing so, the organisation suggests the risk matrix as demonstrated below:

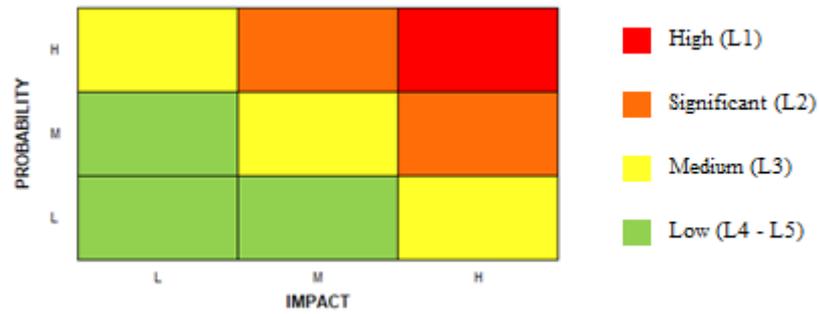


Figure 5: Risk Matrix (Fáilte Ireland, 2020)

However, positive risks may arise in terms of advantage when it outweighs negative risks and brings great benefits, it can also be managed as an opportunity (Seale, Nind, and Simmons, 2013). The major objective of the matrix process is to potentiate the occurrence of such risks and also to identify negative ones in advance, in order to help entrepreneurs to take actions to reduce or to prevent negative effects and, consequently, optimize their success chances (Larson and Gray, 2011). Despite the benefits of the risk matrix, the authors also propose that causal is important for planning and decision making in practically all fields, because the investigation of causality facilitates to predict the final element, even if variables occur throughout the course.

According to Andersen, Hager and Vormeland (2016), risk indicators should be aligned to the cause of the events because it can provide a proactive management, since it helps to expose modifications that contribute to the development of measures to reduce these events. In addition, the authors affirm that risk management as causation is a way to improve risk indicators, which is a basis for decision-making in relation to the use of resources efficiently.

Importantly, the risk perception, behaviour, decisions and policies are influenced according to the manner the risk is described (Boholm, 2009). Thus, Boholm (2009) says the causal understanding is crucial to the perception of the risk, which consequently influence communication effectiveness, in terms of what is necessary to know before making certain decisions.

According to Andersen, Hager and Vormeland (2016) risk management as causation demonstrate to be a viable option to improve key indicators, since indicators consist in a limited structure while causation analysis amplify this mechanism, revealing primary causes to be explored and controlled. The authors explain the cause of one

event linked to other events providing more reliable information that become relevant to expose risks even more and to categorise them.

Furthermore, Boholm (2009) states that there is a connection among risks. For example, one risk can be the cause for another one or for a sequence of them, which increase the need for causation analysis to provide balance between risks and the consequences among them. Hu *et al.* (2013) inform that risk management as causation is a great tool, since there are already complaints in the market about the difficulties to determine the risk potential in the process of allocating time and resources.

Thereafter, causation approach allows entrepreneurs to focus on the predefined goals and then try to find ways to achieve their objective (Hovig *et al.*, 2018). Sarasvathy (2001) summarises causation as an objective to be achieved or a decision to be defined based on a junction of alternatives or causes, including possible restrictions and a selection of means in order to maximise the return. Hu *et al.* (2013) state the question “What if” domains the exploration of changes in many other circumstances. The authors clarify that if risk management is applied without causality, it is complicated to designate time and resources to the risk source of a project result; subsequently, it harms the effectiveness of risk control.

The causal conclusion is divided in two main approaches: intervention experiments and observation of the data base of the cause. Both approaches observe the importance of independent variables on the dependent variables. However, in the intervention experiment, the first procedures of the system are performed, then certain factors are manipulated, and lastly additional procedures are applied using the same measure. In contrast, the observational approach implies causality only from data observation, without manipulating the factors (Hu *et al.*, 2013). Thus, the necessity of managing risks as causation emerges from the point of having a well-structured and strategic plan to make decisions that will bring high returns (Mero *et al.*, 2020).

Hudakova *et al.* (2018) argue that one mistake companies can make is to apply risk management as a solution rather than a preventive method, as causation logic specifies (Sarasvathy, 2001). To clarify, some companies wait for the problem to concretize to start adopting risk management process to handle the consequences, which is a late initiative (Hudakova *et al.*, 2018). Risk management can be recognised as well- performed when applied as a preventive method of control (causation), because it generates significant benefits as for example; transparency,

understanding of the budget, prioritization of efforts and endeavours that capture opportunities and altogether accelerate the process (Aweke, Roberts, and Khaleq, 2019). Companies that manage risks in advance have proven their effectiveness through its superior performance and better competencies developed (Lin *et al.*, 2019).

2.3 Bricolage as Effectuation

Bricolage and effectuation are both strategic processes that develop behavioural models which influence the practical actions of entrepreneurs and generate opportunities (Welter, Mauer and Wuebker, 2016). Bricolage is a behavioural way to work with resources constraints (Baker and Nelson, 2005) and effectuation characterises the decisions-making in uncertain times (Sarasvathy, 2001). In an unsettled environment, decision-making must be aligned with available resources. Therefore, the combination of bricolage and effectuation supply the main issues that entrepreneurs may face, such as uncertainties and shortage (An *et al.*, 2018).

The term “*as making do with what is at hand*” is given as definition of bricolage concept (Levi-Strauss 1966, cited in Servantie and Rispal, 2018) and the same term is given to effectuation by Sarasvathy (2001). Additionally, Welter *et al.* (2016) state that resource constraints are seen as a problem as well as an opportunity for bricoleurs. In effectuation, the control over the resources is used to influence the identification of opportunities and, once those are identified, entrepreneurs take actions to exploit it (Sarasvathy, 2001; Servantie and Rispal, 2018). Servantie and Rispal (2018) specify that bricolage refers to the combination of efforts and commitments that aim to solve issues, showing creativity to use limited resources to adapt internal factors to external environment and to overcome the obstacle, which through this process bricoleurs create value (Welter *et al.*, 2016). In turn, effectual logic requires expertise to control the set of means at hands in the attempt and experiment to influence an opportunity occurrence in uncertain times (Sarasvathy, 2001). This process is understood as a form to capture value (Welter *et al.*, 2016). The relation of the approaches is that bricolage is a form of effectuation in the context of helping entrepreneurs to avoid risky experiences in critical situations empowering them to understand and to work with their own resources (Chinyoka, 2019).

Baker, Miner and Eesley (2003) add that bricolage can also be defined as an improvise method due to the ability of creations and the application that can occur mutually, which entails plenty of time to perform other activities. Fu *et al.* (2020) justify that bricoleurs as new enterprises boast new values and, consequently, transform the solution of a problem in a new opportunity, which can link bricolage as a concept of improvisation or integration of competencies. Similarly, effectuation is also a method of improvisation since strategies just emerge without planning (Sarasvathy, 2001; Zhao and Smallbone, 2019).

Based on the paragraphs above, the entrepreneurial approaches bricolage and effectuation interact. Therewithal, the approaches - a supportive basis for identification and development of new propositions, aligned to availability of resources, possibilities, acts, solutions, society, limitations, and creativity can enhance entrepreneurial scenery (Fisher, 2012). Briefly, the approaches enable entrepreneurs to understand their limitations, capture resources and make strategic combinations during the undertaking process, reducing even more limitations (Servantie and Rispal, 2018).

This combination of bricolage and effectuation employ creativity and innovation under scenery of limited resources (Owusu and Janssen, 2013). According to Fu *et al.* (2020), both approaches encourage entrepreneurs to innovate in business and it is efficient in vulnerable situations as lack of partnership, resources constraints or low number of employees, for instance. But, bricolage does not incentive network, but relies only in the existents ones, thus generating a dependence. This is labelled as network bricolage (Baker *et al.*, 2003). Adopters of bricolage refuse to accept the limitations emerging from the environment (Baker and Nelson, 2005), and focus on the exploration of knowledge in practice, in order to identify different ways to reuse the same resource (Owusu and Janssen, 2013). In addition, Fu *et al.*, (2020) point out that bricoleurs do not adopt network because they improve their knowledge, competencies and creativity throughout the process and use them to create barriers to competitors. Thereby, competitors cannot copy or imitate them.

In turn, Effectuation approach starts in categories of entrepreneurs understanding, as for example who they are, what they know and whom they know (Sarasvathy, 2001). In concordance, Servantie and Rispal (2018) clarify that effectuation process is based on entrepreneur's identity, level of knowledge or competencies and networking, these are factors that entrepreneurs who adopt an effectual logic should analyse before making decisions (Servantie and Rispal, 2018). Differently of bricolage,

effectuation reduces its limitations having as value, network and sharing information. Effectual adopters believe that increasing the network cycle it will provide the extraction of more information and then the discard of some attempts. By doing so, the effectiveness of the process increases, thus, network is considered a rich source of benefits for them (Hovig *et al.*, 2018). Although, applying bricolage as effectuation besides improving internal capabilities (Fu *et al.*, 2020), it also expands its resources through partnership (Hovig *et al.*, 2018).

While effectuation adopters keep making attempts and experiments to innovate (Hovig *et al.*, 2018), bricoleurs innovate becoming a problem in opportunity (Fisher, 2012). In this context, the combination of the approaches increase the effectiveness to create value due to creation and exploitation of opportunities and for making use of the same resources in different ways (An *et al.*, 2018).

2.4 Entrepreneurship in the Irish Food Industry

SMEs are very important for the economy in Ireland. In 2016, it generated 50% of the total turnover of the country (Central Statistics Office - CSO, 2019), with almost 250.000 active entrepreneurs, practically all SMEs' owners, proving once more its significance (Organisation for Economic Cooperation and Development - OECD, 2020). The Global Entrepreneurship Monitor (GEM) reported that over 94.000 new entrepreneurs emerged in the country between the years 2015 and 2018, which represents a rate of 3.2% of new businesses in the whole Europe (Fitzsimons and O'Gorman, 2019). More importantly, as Ireland's economy keeps growing, more SMEs are set each year (National Standards Authority of Ireland – NSAI, 2020).

The growth of SMEs is associated to the necessity or identification of opportunities that motivates entrepreneurs (Melo *et al.*, 2019). Indeed, it is not different in Ireland, once researchers suggest that 20% of its entrepreneurs start their own business due to necessity and 80% because of emergence of opportunities, which place the country in the seventh position within European countries (Fitzsimons and O'Gorman, 2019).

Despite Ireland provides low taxation and policies that encourage entrepreneurship (Gorton, 2019), Murphy (2016) says that small and medium-sized companies established in the country are negatively affected due to the lack of a proper risk management. As a result, half of them do not survive more than five years. Creagh (2019) points out that cash flow is the main issue for Irish SMEs, once the costs to

maintain a company such as rent, insurances and other expenses in general have increased in the last few years. The author also identified that entrepreneurs have no time to develop business strategies.

Another point of great importance is that one third of SMEs in Ireland have not used technology to manage resources (OECD, 2020). Instead, these small and medium-sized companies mix ways of technological with non-technological innovation, change a process or create a new product, which demonstrate knowledge in innovation without investing in Research and Development (R&D) (OECD, 2020). This process of combining resources in order to innovate can define the use of bricolage in SMEs (Beckett, 2015). The author explain that due to scarcity resource that small and medium companies may face and the lack of time to implement strategies, entrepreneurs in food sector “learn-by-doing”, they improvise combining infrastructure, ingredients and processes. An example of this, are companies operating in foodservice mixing different recipes and menus at different times in order to attract customers (Beckett, 2015).

In Ireland, 94% of food and beverage industry are SMEs (Food Drink Ireland Executive Council, 2020). The sector has been recognised as the largest and the most important sector in the country, generating a turnover of €25 billion annually. Hence, the industry also supplies groceries and food service sector in its majority in the island (Hearn and Dalton, 2020). In 2017, the food and drink sector in Ireland spent €7.7 billion in importation, representing an increase of 24% comparing to 2012. On the other hand, in exportation the same sector generated €12.3 billion, an increase of 38% from 2012 to 2017 (CSO, 2019).

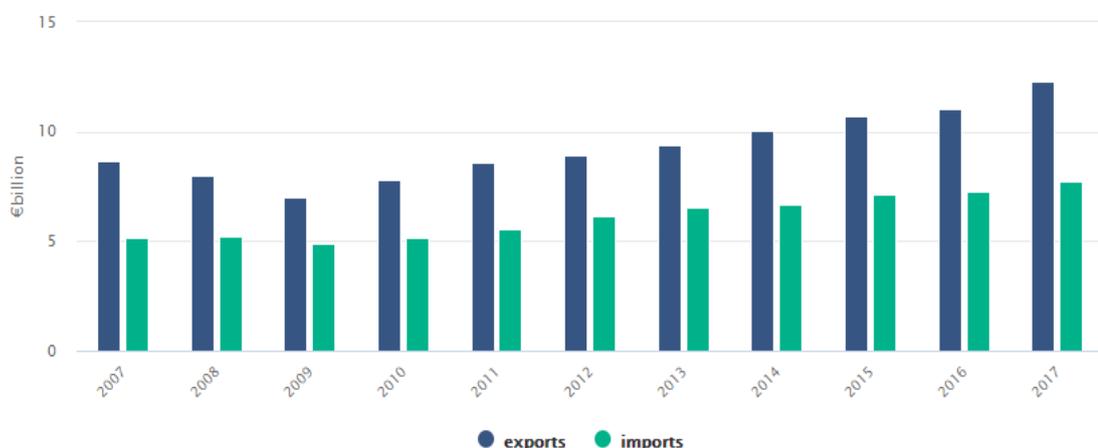


Figure 6: Expenses in Food and Beverage sector from 2007 to 2017 (CSO, 2019)

In the past few years, Irish foodservice has grown besides the Irish economy (Bord Bia, 2020). Foodservice industry is constituted by restaurants, pubs, hotels, coffee shops and so on, expected to reach a turnover of € 8.2 billion in 2018 (Bord Bia, 2018). In 2019, this industry hit almost €8.6 billion, forecasted to grow a 4.2% by the next three years, as reported by Bord Bia (2019).



Figure 7: The expected turnover composition by Irish establishments (Bord Bia, 2019)

A research identified that the growth of foodservice industry in the past few years happened due to the growth of tourism that consequently augmented employment rate, resulting in high incomes in Ireland (RFC Leading Talent, 2020). Besides that, the Restaurants Association of Ireland (RAI) (2016) informed the sector has a great contribution to the country's economic development, as well as it gives a significant support for small entrepreneurs, not to mention the relevance for local agri-business and Irish manufactures. Furthermore, the association (RAI, 2016) affirmed that from 3.500 restaurants established in the country in 2016, more than half of them brought benefits for the industry, for example:

- The increase on the number of visitors from abroad;
- The strengthening of the dining out trend;
- The necessity of new staff to supply the demand, creating new job opportunities: 148.000 employees, which signifies 8% from general employment in Ireland;
- Price decrease on its services due to reduction of costs;
- New innovative business strategies developed to attract tourists even more.

Nevertheless, the sector presents a deficit in terms of qualifications and skills, which needs to be improved in order to satisfy customers in the market (RAI, 2016). In the current days, as identified by Bord Bia (2019), customers are increasingly used to foodservice, and they are divided in a huge variety of personas constantly choosing a

place to eat. Thus, new requirements involving conveniences arose, for example: technology, personalised customer service, healthy alternatives for all ages, customisation, diversified flavours, secure and trustworthy delivery service, and also demonstration of goodwill from staff, which has not been provided appropriately.

Furthermore, as the level of uncertainties in the sector is high caused by the Brexit and, recently, by the lockdown due to Covid-19 affecting even more this sector, it is important to make contingency plans to have more business alternatives and expenses control. With this perception, strategies should be a priority for companies operating in this industry (Bord Bia, 2019; Bord Bia, 2020). Risk management is a great strategic tool for the industry since, as causation, it can predict harmful factors and enable a better control of the situation (Sarasvathy, 2001). Also, it is recognised as a practical guidance for Irish SMEs to assure that organisations will comply with ISO 31000, which is an internal standard that consists in good practices for supporting decision-making and daily operations (NSAI, 2020).

As such, it is crucial to identify the cause of the risk for a better plan and control of the process to manage it (Hu *et al.*, 2013). The national tourism development authority in Ireland, known as Fáilte Ireland (2020), informed that there are many other business risks and divide it into five, as outlined below:

- Strategic risks: refers to planning appropriate strategies to the operating sector;
- Compliance risks: refers to action aligned with compliance of laws and regulations;
- Financial risks: refers to financial resources available;
- Operational risks: refers to operational and administrative measures;
- Environmental risks: refers to the external environment, which is out of company's control.

The same report reinforce the need to be aware that one kind of risk can imply in many other categories of risks as theft, machines out of service, loss of staff, natural disasters and many others Fáilte Ireland (2020). Mueller *et al.* (2003) identified some services/risks in Irish restaurants that may entail to failures due to the lack of management: cooking error, staff mistakes, slow service and incidents. Plus, problems caused due to lack of hygiene and poor conditions or practices by restaurants and food industry can increase the occurrence of diseases (Tirmizi *et al.*, 2018). For this reason, training programs were developed by organisations as Cater Care and Food Safety Authority of Ireland (FSAI) to improve knowledge about

safety practices, hazard analysis, standard procedures and so on, with the aim to assure customer's health (Tirmizi *et al.*, 2018; Cater Care, 2020).

In this context, companies in this sector need to understand the benefits of a well-performed risk management, which for Hu *et al.* (2013) must be extended to causation, guiding Irish business in their endeavours to increase competitiveness and the participation in international trade level (NSAI, 2020). Additionally, it causes influence due to standards and conduct of companies which may be recognised for their success in managing risk effectively (NSAI, 2020).

3. RESEARCH QUESTION

The research objective of this dissertation is to explain how risk management is related to causation and bricolage to effectuation and meet evidence to prove the effects of simultaneous use of both strategies during times of uncertainty and scarce resource. To comply with this aim, four initial questions arise:

1. Do SMEs' entrepreneurs combine the causation and effectuation logics during the entrepreneurial process?
2. If so, how and why do two different entrepreneurial logics overlap?
3. How effective are those in their own right?
4. How do circumstances determine how and when these are deployed in practice?

As seen throughout the literature developed above, SMEs are companies that most tend to take risky actions to innovate and improve business performance (Hopkin, 2013). Thus, the combination of causation and effectuation approaches is beneficial for them because it allows entrepreneurs to exploit and to balance the benefits of both approaches to adapt their businesses to predictable and unpredictable events (Verbano and Venturini, 2013). To clarify, the process of running a business requires planning and decision making, but during the undertaking process, changes can occur in the market and affect the firm development negatively.

Therefore, entrepreneurs need to adapt what was planned to the new circumstances. To prepare the company to face or reduce the impacts, it is better to make attempts to predict risks, understand its possible causes and take these factors into account to plan and make decisions efficiently. As a result of this, a sustainable and competitive company is successfully established and ready to face the constant changes in the business environment (Tabeli *et al.*, 2020).

Despite having the tools available in the market and evidences that SMEs in Irish foodservice apply the approaches in their daily practices, there are failures which affect the company survival. The failures identified are low cash flow, poor use of technologies, lack of skills and competences to attend customer satisfaction and also failures in the application of risk management (Creagh, 2019; Murphy, 2016; OECD, 2020).

Thus, the literature clarifies that most of Irish SMEs balance causation and effectuation during the entrepreneurial process at the same time, but it is unclear how this is done or how entrepreneurs balance the approaches. Considering that SMEs are extremely important to contribute to the country’s economic growth (CSO, 2019) and that these enterprises are the most innovative and susceptible to take high level risk (Hopkin, 2013), it is fundamental that SMEs understand the positive effects in balancing both approaches as a support for a better performance.

Moreover, focusing on SMEs in the Irish foodservice, there are some previous researches which recognise the sector as significant for the economy of the country in relation to the increase of tourism, employment rate, importation, exportation and hospitality sector (RFC Leading Talent, 2020). For this matter, a deep study of the fundamentals of both approaches and their contribution to business development is necessary. See in the diagram below a brief connection of the ideas:

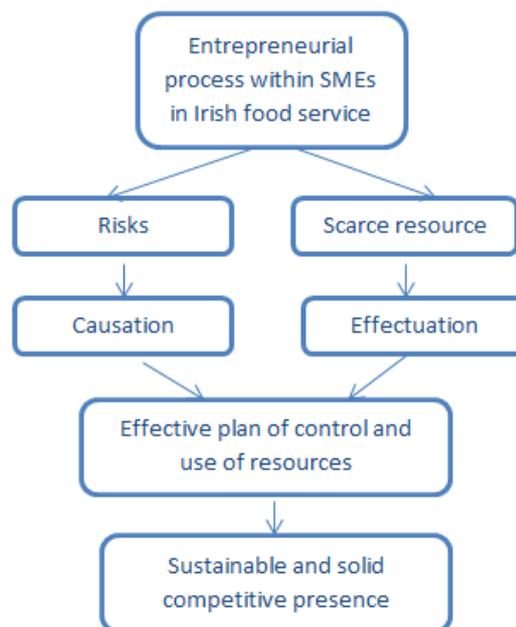


Figure 8: The connection of causation and effectuation

4. METHODOLOGY

4.1 Research design and context

4.1.1 Research philosophy

Saunders, Lewis and Thornhill (2009) emphasize the research onion as a diagram used to highlight the issues underlined in choosing the data collection approach and analysis methods demonstrated in the figure below:

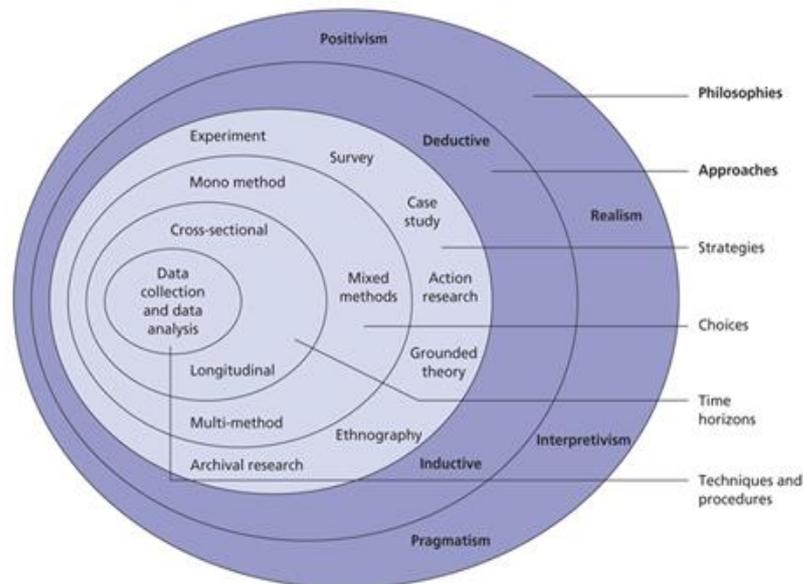


Figure 9: Research Onion (Saunders *et al.*, 2009)

Yet, Saunders *et al.* (2009) include that research method is based on beliefs and assumptions linked to a progressive development of knowledge in a specific field. These paradigms influence the strategies that conduct the research and the process which knowledge is obtained (Saunders *et al.*, 2009; Mkansi and Acheampong, 2012; Creswell and Poth, 2018).

In order to set a research question, assumptions are essential to help to interpret the findings (Saunders *et al.*, 2009). Ontological, epistemological and axiological ones are the types of research philosophy (Mkansi and Acheampong, 2012). The ontological assumptions are associated with the nature of reality (Creswell and Poth, 2018). It is the understanding about what things are and how they occur (Zukauskas, Vveinhardt and Andriukaitiene, 2018). Saunders *et al.* (2009) add that it helps to determine what is going to be searched for the research project. The authors divide this assumption as objectivism, subjectivism and pragmatism.

- Objectivism: considers a fact as true, independently on the researcher's perspective or social actors (Ryan, 2018);
- Subjectivism: reality exists through someone's own perceptions, experience and feelings. To summarize, they are approaches representing truth or knowledge (Ryan, 2018);
- Pragmatism: pragmatists focus on solving the problem and the research questions. By doing so, different methods and viewpoints are applied on the research and then the best practical effects are chosen to deal with the purposes (Saunders *et al.*, 2009; Creswell and Poth, 2018; Creswell, 2009).

For Zukauskas *et al.* (2018) epistemology concerns how researchers get the knowledge of their interest. It is related to the context of understanding the knowledge, how something is known. The epistemological assumptions are divided in three types: positivism, realism and interpretivism (Saunders *et al.*, 2009).

- Positivism: positivists defend that causal statement is made through analysis of a sequence of events. When is observed that the occurrence is often, then it is used to justify one event to another and to predict (Easton, 2010);
- Realism: realism is related to what exists, even when is not possible to observe it (Easton, 2010);
- Interpretivism: it is a social approach that aims to understand the elements involved in a study, it seeks for information about how people think, communicate and react differently to a problem (Saunders *et al.*, 2009).

Axiology philosophy advocates the role of the values and ethics positioned throughout the research process. To be clearer, the researcher's values are recognised as a guide for their actions throughout the research process (Saunders *et al.*, 2009; Creswell and Poth, 2018).

For a better study, the pragmatism philosophy was adopted in this research, since this approach helps the researcher to clarify its suppositions, to analyse and to understand different viewpoints, opting then for which one fits best (Saunders *et al.*, 2009; Creswell and Poth, 2018). Hence, pragmatism philosophy enables the researcher to define the key area in the research design and to focus on solving the research issue and questions related to it (Saunders *et al.*, 2009; Creswell and Poth, 2018). To summarize, pragmatism analyses the interactions of practical actions and its effects, and then it defines what works as true. Thus, a better study is performed through the interpretation of evidences based on people's daily routines, knowledge

and inferences, in order to clarify an initial opinion of the researcher (Flick, Kardorff and Steinke, 2004).

4.1.2 Research approach

Awuzie and McDermott (2017) state the adoption of a research approach is important to define the structure of research design, which is related to the planning and definition of procedures to conduct the research (Creswell, 2009). Furthermore, the authors advise to choose an approach at the beginning of the research activity in order to provide effective answers for the research questions. Saunders *et al.* (2009) divide the approaches in types: deductive and inductive while Flick *et al.* (2004) include one more approach called abductive:

- Deductive starts with theoretical concepts that researchers test to validate their propositions (Jaana and Urs, 2018). It is a range of theories presented by a set of variables that also emphasize the cause and effect framework (Ali and Birley, 1999). This approach is recommended to collect quantitative data and requires a large number of samples in order to generalise statistically a proposition as predictable (Saunders *et al.*, 2009). Flick *et al.* (2004) add that inductive seek for explanations through logical reasons;
- Inductive is the use of samples for a better understanding of the nature of the problem, it is an attempt to make conclusions based on the data collected from them. This approach is more likely recommended for qualitative data, with small samples, and enables the use of mixed methods to collect the data in order to reach different views and explanations about what is in question (Saunders *et al.*, 2009). Inductive shows evidences of what is defended as truth (Flick *et al.*, 2004).
- The abductive one is understood as the link between deductive and inductive approaches (Flick *et al.*, 2004). Saunders *et al.* (2009) describe it as a surprising fact to be observed, that can occur at any time during the research process, from the writing to the report of the project. In addition, Awuzie and McDermott (2017) argue that deductive and inductive approaches have shortcomings, thus the mix of both approaches as a support increase the credibility of the results, as the abductive compare the conclusions of hypotheses to facts that weren't considered during the creation of the hypotheses. Finally, the research confers these new perspectives in accordance with experiences, returning to the data (Flick *et al.*, 2004).

The deductive approach is not suitable for this method, since there is no need to test suppositions in this research. As such, the inductive approach is chosen by the researcher for this study because it involves a collection of raw data and analysis through the exploitation of survey questionnaire method. Furthermore, in the inductive approach, hypotheses are not only designed and explored to identify patterns and regularities, but also to allow conclusions or theories to be developed (Cooper and Schindler, 2014).

In the same context, Saunders *et al.* (2009) agree that inductive approach allows the researcher to understand the data collected from interviews and a theory is created as a result of the data analysis, usually indicating a conceptual framework. In addition, the authors defend that inductive approach is more suitable for the purposes of the qualitative methodology.

4.1.3 Research strategy

Creswell (2009) distinguishes research strategy as specific methods and procedures to gather the empirical data into practice. In the same lines, Saunders *et al.* (2009) determine research strategy as the planning that defines how the answers for the research question will be provided in order to achieve the study objectives. Therefore, the most suitable strategy for this study is the case study of the food industry in Ireland, focusing on different restaurants as respondents.

Despite the inductive approach, the researcher opted for case study research as a method to construct theories (Eisenhardt, 1989). Due to the circumstances that the country was put through because of the lockdown, concerns regarding time constraints, participants' willingness to answer the questions and misunderstandings, the researcher decided to send the questionnaire by e-mail. This way the participants can administer their time to answer the questions independently and all information will be registered.

Furthermore, case study research emphasizes all contexts in analysis and the relationship among events; it highlights evidences and avoids missing data (Cooper and Schindler, 2014). According to Eisenhardt (1989), it is an investigation that helps to develop a theory through comparisons. In case studies, hypotheses are important, but the main point is to understand the case in study through exploration of experience to improve the understanding (Stake, 1978). Moreover, researchers adopt case study to obtain a detailed case description that enables a better

understanding of how and why things occur (Ridder, 2017). Case study strategy encompasses many techniques to collect data, which can be done through interview, observation, documentary analysis and questionnaires (Saunders *et al.*, 2009).

As said by Leavy (2017), open-ended questions allow participants to express their issues with their own words as they understand as important. As such, experiences are described in details, providing stories and examples, in an approach that employs the collection of a rich content. Also, open-ended questions enable different answers according to the entrepreneurs' position and strategies, permitting the researcher to compare the answers and make conclusions in an explanatory nature of study (Bansal, Smith, and Vaara, 2018; Manson, 2002).

After all the research literature reviewed, the case study prepared contains fifteen open-ended questions and will be sent via e-mail to the respondents. Five entrepreneurs from small and medium restaurants in Ireland were chosen to be interviewed, based on their perceived growth and good performance in relation to customer's service. All the respondents must have a vast experience and knowledge about strategies that are applied in their daily practices. Some of them are the owners of the restaurants, while others are managers, in a sampling composed by male and female, aged from 26 to 45, being 60% managers and 40% owners. The number reflects the reality in their daily practice in relation to managing their business, all within small and medium-sized companies operating in Ireland. Based in Dublin, the majority of the restaurants studied are established on the island for more than five years, apart from one that was founded three years ago, forming a group of three Brazilians and two Irish companies.

Due to the necessary requirements demanded by qualitative research and time constraints, the researcher opted to maintain the sample of interviewees below ten, although 35 companies were invited to take part of the study with the aim of gaining deep content, in order to present qualified outcomes. Unfortunately, most of the companies are focused on recovering from impacts caused by the lockdown and they were not interested in scheduling time to answer the questionnaire or to participate in this study.

4.1.4 Research choices

Saunders *et al.* (2009) classify research choice in quantitative, qualitative or multiple methods. In a nutshell, quantitative refers to numerical data or closed questions; in

turn, qualitative refers to words data or open-ended questions. The mix of the two approaches is the multiple methods (Creswell, 2009).

To deepen the concepts, quantitative is more than analyse data, it involves a performance to test and observe the variance with a critical thinking of theories. In order to understand the information provided from the data, a set of meaningful questions need to be aligned to the research context (Albers, 2017). In concordance, Lutabingwa and Auriacombe (2007) discuss that to test hypotheses is necessary to use appropriate statistical tools. In doing so, a large number of data is required for the statistical analysis and for transforming the description of the observations by unit into standards. Furthermore, it is understood that the researcher has already a significant knowledge about the tools and procedures available in statistical analysis in order to develop a research design (framework) correctly (Lutabingwa and Auriacombe, 2007). Cooper and Schindler (2014) summarize that it is a way to measure something numerically, for instance, behaviours, knowledge, viewpoints or attitudes.

As for the qualitative data, it consists in detailed verbal or visual descriptions of events, circumstances, interactions and so on (Cooper and Schindler, 2014). Creswell (2009) defines qualitative data as a form to interpret what is seen, heard and understood, connected to the researcher's background, contexts and previous understanding. Similarly, it helps to understand the meanings that people give to activities, situations, artifacts and others from the point of view of individuals or small groups (Leavy, 2017). A qualitative analysis allows the researcher to explore evidences and consequently, detect new issues (Neuman, 2014), based on questions as what and how (Leavy, 2017).

Last but not least, multiple methods can provide even more answers, performing an effective study to guide the adjustment of information in a specific circumstance (Albers, 2017). Creswell (2009) adds that the combination of quantitative and qualitative method helps researchers to deal with complex problems, because this combination reinforces the strengths of both research methods. Thus, the approaches complement each other (Neuman, 2014).

Saunders *et al.* (2009) inform that in qualitative research design whether is used only one method to collect data as, for example, interviews, this is defined as mono method qualitative study. However, as the questionnaire in this research is being applied in more than one restaurant, it is possible to compare and contrast them against each other as well.

To conduct the analysis, the researcher decided to adopt the use of qualitative data with the aim of acquiring insights based on the experience of the five respondents. As a further matter, the researcher aims to obtain a deep understanding and detailed knowledge about the combination of business strategies in the Irish foodservice industry, such as risk management, causation, bricolage and effectuation, which qualitative research is appropriate for. Thus, in this study will be implemented the analyses of qualitative data through the use of a case study research.

4.2 Population and sampling

According to Creswell (2009), population is characterised as identification of individuals in the population for study criteria. Leavy (2017) explains that population refers to the place where the elements (individual or object) for the analysis come from. In parallel, sampling is the process with which individuals are selected as respondents in order to make possible to the researcher to make conclusions about the population of interest Creswell (2009). In concordance, Leavy (2017) says that sampling refers to “who or what is in study?”, which can be subjects, collaborators or respondents. The author completes that it is a selection process of individuals from a large population. Sampling is inexpensive to administer, great speed and data accuracy and availability of population elements (Cooper and Schindler, 2014).

There are two techniques for the use of this tool: probability sampling and nonprobability sampling (Cooper and Schindler, 2014). Probability sampling signifies that every element corresponds to the same chance of being selected as a respondent in the sample defined. As for the nonprobability sampling, elements are selected based on assumptions or judgements (Adams *et al.*, 2007).

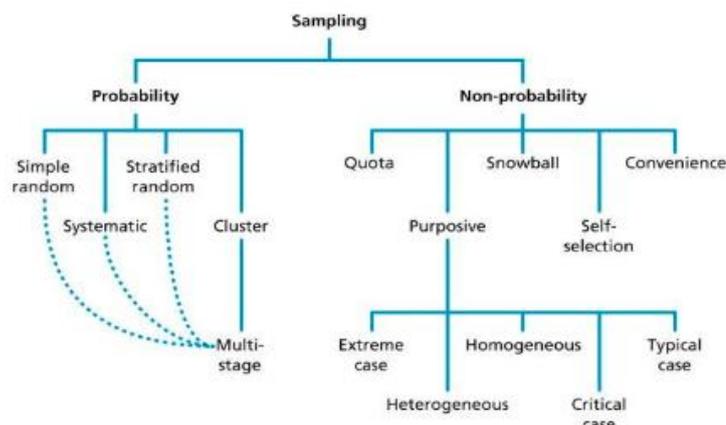


Figure 10: Sample techniques (Saunders *et al.*, 2009)

The most suitable technique for this research is non-probability sampling aligned to a purposive frame, since the researcher is choosing the company to participate as they are believed to fit in terms of characteristics, experiences, perceptions or theoretical concepts (Cooper and Schindler, 2014). Furthermore, the technique also enriches the study when it is concentrated in a small case or specific purposes (Saunders *et al.*, 2009).

Although the technique is more practical, it does not ensure that the research problem will be determined. It is the limitation of non-probability sampling, since samples are selected based on judgements. Thus, it is necessary to link it to a deeper study based on a small number of cases to obtain a rich content and insights (Saunders *et al.*, 2009). Therefore, five small and medium-sized companies operating in Ireland will be selected as a sample to this research, where managers or owners will be required to answer fifteen open-ended questions sent via e-mail. The method was chosen because it allows the respondents to express their viewpoints and experiences freely and in detail, based on what is considered relevant for them.

4.3 Data collection and analysis

4.3.1 Data collection techniques and procedures

The data collection must begin after the research design and sampling plan is structured, then the process of collecting data can proceed (Adams *et al.*, 2007). In qualitative research such as this one, the main technique to acquire data is through interviews, which can be guided by one researcher or a group. However, this technique requires skills such as the ability of making the interviewer feel comfortable, seeking for details without any embarrassment, and being neutral as much as being able to encourage the respondents to talk freely. Also, he needs to carefully listen to them and be on alert to capture important information (Cooper and Schindler, 2014).

To comply with the interview in an organised way, the researcher opted to implement a structured interview. Saunders *et al.* (2009) say that structured interview method applies standardised questions to every respondent and examine their answers based on pre-coding. Cooper and Schindler (2014) state that usually structured interview employs open-ended questions and it is a guide to order the questions and to define how they will be asked. A structured interview allows to analyse the variability of answers, which the most repeated ones are understood as

real (Cooper and Schindler, 2014). There are two alternatives to do the questionnaire design: closed or open-ended questions. Closed questions are characterised as prompted questions, where there are options to choose the answer: multiple-choice, checklist, rating or ranking response strategies, for instance (Cooper and Schindler, 2014). On the other hand, open-ended questions are useful when the researcher has no knowledge about all possible answers or prefers that the respondents reply to the questions freely (McMillan and Weyers, 2010). The questions are not limited to the answers, but the researcher provides a frame for the respondents (Cooper and Schindler, 2014).

For the purposes of this interview, the researcher will apply a structured interview, with open-ended questions for the respondents, in order to reach a rich content and to attempt to identify issues or any extra information that may not be included in this research. The conclusions will be analysed based on open-coding, developing response categories and making linkages of the repeated answers from owners or managers who work or operate in foodservice in Ireland. A brief description of the respondents was provided in the table below (see table 1):

ID	JOB POSITION	NATIONALITY	COMPANY SIZE	LOCATION	INTERVIEWED
C1	Manager	Irish	Small	Dublin	Online
C2	Owner	Brazilian	Small	Dublin	Online
C3	Manager	Brazilian	Medium	Dublin	Online
C4	Owner	Brazilian	Medium	Dublin	Online
C5	Manager	Irish	Medium	Dublin	Online

Table 1: Respondents' description

4.3.2 Data analysis techniques and procedures

Saunders *et al.* (2009) says that grounded theory refers to every method and procedure that encompasses a research and allows the researcher to develop theories inductively through analysis of the data collected. While gathering data the researcher also organizes the information into three categories (Saunders *et al.*, 2009):

- Open coding: reorganize the data into categories;
- Axial coding: identify the relationship among categories;

- Selective coding: combine the categories to develop a theory.

Hence, the authors explain that coding is a constant process of comparison to identify similarities and divergences to provide consistency to coding data and analysis (Saunders *et al.*, 2009). Glaser (2016) highlights that open coding is fundamental when doing grounded theory because it generates concepts and aligns with their properties, providing relevancy to form a theory. He also explains that, at first, open coding can identify diverse concepts from data which can be confusing, but it also leads the researcher towards which way must be taken in the research. The author recommends the researcher to read the data first to develop core concepts. Afterwards, it must be applied a selective coding to control the multiple descriptions identified in the process of open coding by combining them and focusing on the problem.

In a case study research, the procedures are codified in order to analyse the qualitative data (Eisenhardt, 1989). A thematic analysis has the purpose of identifying and comprehending patterns among qualitative data that can be further explored by the researcher in an ordered and logical way to draw conclusions (Saunders *et al.*, 2009).

4.4 Ethical considerations

According to Leavy (2017), ethics means character, which encompasses morality, honesty, justice and truthfulness. These ethical considerations lead individuals to understand the difference between right and wrong. In this way, the researcher's principles and values are linked to the research process in terms of making decisions and acting ethically. Adams *et al.* (2007) state that if ethical responsibilities are not applied to conduct the research cycle, the project will fail.

However, it is necessary that the participants are protected by its rights, for all studies with human participants involve risks, which can somewhat cause some discomfort or embarrassment. Therefore, it is important to apply ethical codes that provide guidance and to establish principles to address such ethical dilemmas and to protect the respondents from any harm (Marczyk, DeMatteo and Festinger, 2005). The context of acting ethically is defined as behavioural patterns that show a conduct in regard to the participant's rights, which is an element resultant for the work progress, and that may be affected by it (Saunders *et al.*, 2009; Cooper and Schindler, 2014). Thus, the material produced will be confidential in respect and

protection of the participants. The firm's name, owners or managers will be maintained anonymous and titled in numerical order, for the reason of information security and confidentiality, according to the ethical terms. Also, it will help to disclose their sincere opinions and thinking about the subject addressed.

In addition, an informed consent form presented in the Appendix II must be signed by the respondents to make them clear and to prove their awareness of the nature and objectives of the study. The consent form clarifies the research's objective and procedures and it explains that, by signing the form, they accept to receive the question and to answer it by e-mail. Plus, it includes the permission to record in case of calls and to transcribe the data provided for the dissertation. They also declare to be aware that they have no rights of any kind of benefits in taking part of this research.

5. FINDINGS

5.1 Data presentation

In the findings section, the key factors identified in the answers of the interviews will be analysed in detail and it will help to confirm the theories developed in this thesis.

The findings framework will be developed as follow the table below:

First order themes	Second order themes	Overarching dimensions
Market analysis	5.2.1 Analysing market and customers	5.2 Planning to control
Planning in detail		
Preference for stable environment		
Attempts to predict negative events		
Standard system to manage risks		
Lack of quality food and service	5.2.2 Facing the challenges in the sector	
Lack of qualified workforce		
Lack of staff commitment		
The challenge to buy good		

products		
Competitive price and profit	5.2.3 Creating value strategically	
Customised service		
Dishes appearance		
Personal approach	5.3.1 Engaging with customers	5.3 Capturing resources
Customer preferences		
Exploring customers emotions		
Background and gut feeling	5.3.2 Experience and intuition	
Overcoming the challenges		
Discussing current risks		
Partnership	5.3.3 Expanding resources and networking	
Negotiation with suppliers		
Changes on the menu		
Staff abilities		
Managing resources		
Expansion		
Focusing on resources execution	5.4.1 Manager and Innovator profile	5.4 Mixing the approaches
Focusing on opportunities identification		
Intention of innovation		
Unusual issues	5.4.2 Facing unpredictable events and improvising	
Unpredictable changes		
Uncomfortable with improvise		
Improvise fix the failures	5.4.3 The relation between improvisation and adaptation	
Adapting		

Table 2: Data structure and findings

The researcher believes that this structure will provide clarity about the correlation of both approaches and its importance for SMEs in Irish foodservice. The correlation of these topics will be explored, alongside opportunities and issues involved in the entrepreneurship process. Regarding the cases, in this phase they will be represented by pseudonyms as demonstrated in the table below:

Company	Position	Pseudonym
Company 1 – Food and beverage SME based in Dublin	Manager	Kate
Company 2 – Food SME based in Dublin	Managing Director CEO	Emma Paul
Company 3 – Food SME based in Dublin	Manager	Hugh
Company 4 – Food and beverage SME based in Dublin	CEO	Colm
Company 5 – Food SME based in Dublin	Manager	David

Table 3: Pseudonyms for the companies

5.2 Planning to control

5.2.1 Analysing market and customers

Part of the causation process is planning. Planning means setting goals, choosing the best path to be followed to optimize the company’s operation and setting dates to assess which goals have been achieved. In order to make an effective plan, it is necessary to have an amount of information in order to understand the market and the target audience. In terms of planning, SMEs in the foodservice industry perceive a great importance of gathering information from their customers and competitors to identify positive points and failures. Thereafter, they are able to analyse and make decisions about how they can achieve their aim. In causation, solving gaps or failures committed by competitors are described as the pre-defined goal, which SMEs enhance the positive points and solve or reduce the negative ones. This way, they can be more assertive in their performance. In this matter, Kate states that: *“We have two major ways of making decisions here: Analysing our current competitors and collecting feedback from our regular customers”*. While Colm makes the point: *“We innovate according to the demands of the current market”*. As for David, he says: *“We follow the trends in the market”*. Paul and Emma complete: *“We readapt by developing new products focused on the European market”*.

5.2.2 Facing the challenges in the sector

Through data analysis from market and consumers in food service, the SMEs identified that the sector faces problems such as lack of product and services provided, lack of qualified workforce and staff commitment as well as exportation of product of high quality during times of uncertainty. The small and medium

enterprises aim to fill this gap in the market, making improvements in the existing services. Following this path, they are able to reduce risk of failures, since they are treating the cause of the problem identified within restaurants in this industry. Emma and Paul affirmation illustrates the topic: *“The food sector has been growing throughout the years, but we see a great deficit in quality of services, which we recognise as an opportunity to provide a customized service”*. Likewise, Hugh declares: *“Our major issue is the staff, they leave the job and then we need to hire new people. We try to plan as best as we can and train them in the first week of work”*.

5.2.3 Creating value strategically

People are increasingly opting to eat out due to a set of circumstances of their day to day, which influence the growth of the sector and increase the number of opportunities in foodservice as well as its competitiveness. As pointed out by Hugh: *“People need to eat out sometimes, because of lack of time or even for a change”*, Colm corroborates: *“Food will always be a priority for people”*.

Furthermore, there are different personas with different tastes and requirements looking for a place to supply their satisfaction. In this context, these Irish SMEs recognise that quality, effective cost and appearance of the dishes are differential factors to attract customers. For this reason, entrepreneurs carry out their business generating an attractive price for their audience, but they still balance the company financial return by comparing to the established prices in the market. Moreover, they evaluate the ways of production and the demand to define if the price would be attractive for customers.

In general, a cheaper product represents an inferior quality. Thus, the companies apply marketing strategies to convince the audience that even being a cheaper product or service, it still attends their needs in terms of quality or yet it is superior to its standards. Emma and Paul relate: *“We have been working with a competitive price, considering the patterns of consumption. In general, we add the product cost and workforce”* while David says: *“Offering excellent food at a competitive price along with a memorable dining experience through a polite and professional customer service”*. In addition, Colm declares: *“We believe in the visibility of marketing through social media”*.

5.2.4 Predicting risks

As important as gathering information and adding value for customers is the challenge of administering SMEs that can be frustrating if attempts to predict the future are not made. Companies who aim for high return tend to face high risks and losses. For this matter, these businesses must keep thinking ahead while operating their companies. It helps to align defined strategies to obtain efficiency in business. For example, it can increase productivity, attract customers, provide a solution in advance or help to be ready to handle possible risks or issues. To summarise, making attempts to predict positive and negative events help to control the business and to protect the company of negative impacts.

When planning, SMEs in the foodservice industry try to identify important factors that may impact the business development. Hugh affirms: *“We try to predict possible risks as best as we can”*. Measures and procedures are implemented in the logistics of small and medium Irish restaurants providing the organization of tasks in order to facilitate the prediction of unexpected events and the causes. These Irish SMEs in foodservice develop patterns in their daily routine which helps to identify and to control any event out of context. It also reduces time consuming tasks, enabling them to have time to do other activities involved in their routine and to reduce costs in relation to their workforce. Hugh punctuates: *“We have well-organized logistics. There is a sequence and time for each task, we always try to think ahead to identify risks in advance and solve them in the best way possible”*.

5.3 Capturing resources

5.3.1 Exploiting resources

In effectuation, the term “resources” refers more to staff, their capabilities and competencies because of the lack of financial resources or because the SMEs opt to make small and economic investments in businesses. These companies seek ways to recognise their skills, what they do better or they are good at, and exploit it as a differential, which is fundamental for the company in uncertain and unpredictable situations. Analysing this criteria help SMEs entrepreneurs to make decisions efficiently; it can also provide profitable outcomes and add value for their target audience. There are many ways to keep improving their business with the resources at hand. Some ideas were identified according to the participants’ answer as, for

example, changes in the environment to serve the customers or changes in the menu. Colm highlights: *“We promote a positive experience through a cosy environment”*. While Kate reinforces: *“We are currently working on improving our menu”*. Or exploiting staff capabilities and competencies to the maximum, as Paul and Emma do: *“Our main resource is our team”*.

5.3.2 Engaging with the audience

Small and medium restaurants know their consumers better than big companies. As such, they are able to build a close relationship with them, which facilitates knowing their preferences and making experiments to come up with something new. This innovative approach can attract their target as well as other consumers, which influences their competitors, constantly watching each other and noticing the success of the changes, a behaviour that causes an impact in the industry. This is a positive point for these companies that weren't expecting this effect at the beginning, but started focusing on a loyal relationship with their audience and getting to know their preferences after perceiving the importance of it. In the entrepreneurs own words. In Hugh own words: *“We explore the emotions of customers, providing a traditional gastronomy from our country, with traits and characteristics in our restaurant, including music and drinks. We believe it brings loyalty from our target and consequently, we reach other customers, curious to learn about it and to taste a different gastronomy”*. Also Kate informs: *“It is a small place, so we have a chance to know our customers well, the regulars can expect our staff to remember their preferences about food, drinks or tables”*. And David affirms: *“We provide a memorable dining experience through a polite and professional customer service”*.

5.3.3 Experience and intuition

Sometimes experience is more useful rather than conceptual knowledge never practiced. Most owners and managers of food services in SMEs learn by doing, so their knowledge develops in daily practice, over years of experience facing and overcoming problems. Solving a typical problem, they act logically based on previous events, but when it comes to a new situation they follow their intuition to resolve it in the best way they believe. They know what to do without explanation because of their background. Kate states: *“Most of the time it is a gut feeling. When*

you have a background you feel what should be done, without logical explanation". Hugh makes the point: *"We mix logical with feelings, because it depends on the situation. Sometimes logic doesn't fit into particular situations that occur every day"*. Colm completes: *"Most of the time my intuition is based on my background"*.

5.4 Mixing the approaches

Company	Status
Company 1 – Food and beverage SME based in Dublin	Mixing the approaches, but apply more effectuation
Company 2 – Food SME based in Dublin	Balancing the approaches equally
Company 3 – Food SME based in Dublin	Mixing the approaches, but apply more effectuation
Company 4 – Food and beverage SME based in Dublin	Mixing the approaches, but apply more effectuation
Company 5 – Food SME based in Dublin	Mixing the approaches, but apply more causation

Table 4: Status of case studies using the approaches

5.4.1 Manager and innovator profile

Both profiles are important to the sustainability of the company in order to have a great management and exploitation of resources. Management because it keeps the company working properly in relation to its purposes defined in the planning; exploiting resources because it is looking for innovative ways to overcome the unexpected challenges, knowing staff and what they are good at, creating better structure and processes so the innovation can happen within the organisation.

The innovator profile gets external information and aligns with their competencies. They transfer this knowledge to the manager, who assumes control over the tasks executed, identifying mistakes and fixing them in order to achieve the final objective. The knowledge that innovators possess depends on the manager profile to be carefully applied, taking the risk to innovate, whereas the manager depends on the innovator profile to not maintain only market patterns. Therefore, entrepreneurs need to develop both skills to run their business efficiently, since it helps to run the business in an amplified manner.

Company 2, for instance, mix manager and innovator profile. Emma is responsible for having control over the business, managing the internal activities and assuring that it is working as planned. In parallel, the innovative Paul focuses on capturing

external information in order to identify new opportunities or improvements. Company 2: *“We are two partners, one is responsible for the daily control and routines of the company and I am responsible for managing our financial resources and seeking new possibilities. Based on this, we can be described one as a manager and the other as an innovator”*.

In the case of company 3, he is a manager and informs that he prefers to adapt and to make improvements in existing patterns in the market to avoid mistakes, even though he clarifies that there is a need to develop his innovative skills. Company 3 states: *“I am a manager with the intention of innovating. I try to adapt the business to the situations rather than looking for new ways of innovation. I prefer to follow patterns already present in the market and make some small improvements to avoid mistakes”*.

This observation highlights how causation and effectuation are connected and complement each other. It is impossible for companies to work based only on the internal environment. There are external factors extremely important for the company development that needs to be studied, exploited and incremented in the internal environment. The mix of these profiles or strategies leads the company to be ahead of its competitors.

5.4.2 Facing unpredictable events and improvising

When making the business plan and predicting possible risks, the entrepreneurs identify factors that may happen during the process of development and then they start to take actions to solve it or they apply a plan of improvement. It means the plan is adapted to the new circumstance and in order to not stagnate they look for new ways to innovate and overcome that challenge. Planning is essential, but small and medium enterprises know that their plan can't last forever, as changes happen surrounding the business and modifications need to be done in order to reduce risks and to be more assertive. All the participants understand that the plan is the best way to assure profits and all of them expect high profits to deal with risks and to invest in ways of innovation. Innovation in turn, is what keeps these companies in the market and it is linked to customer's preferences. As such, causation is related to planning and effectuation is the way to innovate, knowing the customers and innovating with their best resources. Company 5: *“The risk of not having enough customers to generate enough revenue to keep the business profitable. We made a plan to make*

improvements and nowadays we keep updating ourselves about news in the industry and looking for ways to not stagnate. Things are changing so fast”.

Also, many businesses adopt the strategy of saving financial resources as a precaution for uncertain circumstances and make the mistake of not investing in their facilities to not increase their expenses or to avoid risks. What they don't think is that investing in their business can also increase the facilities for the company and customers, which is also a way to prepare and to save their company from extreme situations. An example of it is that almost every participant informed they were not ready for situations such as Brexit and Covid-19 and they didn't plan anything to recover their losses. For Company 2: *“The correct word would be adaptation. It is impossible to be ready for situations like that. However, we can adapt to what happens in the market. The vast majority of entrepreneurs save their money because of fear or as part of their strategy. We adopted the pandemic as an opportunity of making improvements, so we created our website, a delivery system, our app and new products. As a result of this, we are migrating to a new location three times bigger than our current place, increasing also our number of suppliers and products”.*

The data provided in causation is never complete and equally predictions are based on probabilistic methods. Thus, improvise can occur to manage unexpected situations, but it is not seen positively by SMEs. All of them believe that the need for improvising arises from a failure in what was planned. For this matter, entrepreneurs need to keep improving their knowledge and competences, gathering information and identifying new processes in the industry as well as keeping themselves updated about trends in the market, technologies, competitors and customers preferences. As punctuated by Company 2: *“When we work with improvisation, in general is to contain failures or process errors. I was raised in a business family where I was encouraged to become an entrepreneur, so I spend most of the time reading and searching to improve my knowledge in order to be well-informed about important factors in the market that may affect my company”.* Company 1: *“We are not comfortable with improvisation. We prefer to plan every detail. We also try to have a personal approach with our customers and our staff provide recommendations according to the customer's taste”.* Company 3: *“We keep improving our knowledge, informing and motivating our staff. We try to capture the best from them to contribute to the development of our restaurant”.*

All the participants prefer to implement a process of adaptation rather than improvisation. They understand that adaptation refers to changes in what was planned and they are flexible in relation to it. They know their competitors keep changing as much as the market and they are required to do the same in order to survive. However, improvisation for them means lack of preparation to face a problem and that, in most of the time, reflects negatively in business. Thus, in order to avoid improvising, they try to plan and to predict the risks that they may face during the company development.

Moreover, improvisation is more linked to intuition than logical reasoning. It is applied only in unusual situations that may happen every day and it requires new measures and procedures based on customer preferences, which enhance one more time the importance of engaging with customers. Company 1: *“Customer centrality is the main competitive advantage”*. Company 3: *“We mix logic with feelings because it depends on the situation. We try to satisfy our customers as best as we can”*. SMEs in foodservice also understand the method of improvisation as a risk because of the negative outcomes that it can cause to the company. Another example of it is the Company 2 that pointed out they had an unexpected issue with the electricity and they had to stock the food in another place, which generated an extra cost. Company 2: *“Due to a problem with our electricity we had to bring our food to another place which increased our costs and we had to develop a better logistical plan because of the distance from the establishments”*.

To summarise, having a plan and being able to adapt is essential for the company's survival. Hence, they prefer to plan, to be able to deal with risks as the decrease of employment rate can result in the loss of customers or consumption reduction, or the lack of qualified workforce and commitment of employees or changes in commercial law or tourism can affect these enterprises negatively. Thus, planning helps to identify and to manage what is out of patterns and, consequently, they can have a better control and adapt themselves to the situations, balancing their logical knowledge with intuitions based on their daily experience. As such, they are able to make decisions evaluating what fits better to such a situation.

5.4.3 Expanding resources and networking

Nowadays, networking is the key beneficial source for SMEs to keep developing and to survive the risks presented in the market as well as proceed growing. It increases

gains, attracts new customers and new opportunities. Networking can be done with suppliers, communities, social media or other companies in the market. SMEs who adopt networking have intentions of making partnerships to reduce costs and to gain visibility in the market, since visibility empowers companies to facilitate negotiation and achievements. All the participants aim to expand and they are all using networking as a tool to achieve it; they believe it brings stability for the company. In turn, networking is a tool from effectuation, but is being applied by SMEs as a way to predict and to control risks, since they believe the costs will be reduced due to the power to negotiate that networking provides because of the demand of products. Paul and Emma for instance, said that through networking they own 4 companies and it helped to reduce the costs and risks: Company 2: *“It helps with purchasing, which increases our incomes and consequently reduces negative effects. For example, currently we have partnerships in three companies of the food service industry and one cleaning company”*. All the companies mix the strategies, but Paul and Emma are the ones who highlighted the mix of causation and effectuation: planning and adapting to deal with risks and expand their resources through networking, defining new objectives again. The other companies plan at the beginning of the business, keep watching their competitors, but just make small adjustments focusing more on their competencies and exploitation of staff skills. Their networking is more with suppliers, they are closer to customers and work around this relationship and knowledge of their preferences in order to reduce risks. Although all of them aim to expand the company, only company two demonstrated they have done it in fact.

From the findings here analysed, Irish SMEs in foodservice basically start with causation and when they feel there is a need to change or to improve their business they apply effectuation. The approaches supply different situations and different information: causation gather external information and applies to internal environment whereas effectuation gathers internal and external data to expand their capabilities and to be able to do even more.

The planning to control depends on resources to be done and the resources demand a plan in order to be executed and expanded effectively to manage the risks occurrence. It is safe to say that it is a cycle of the development of the company. Causation and effectuation are connected throughout the company development process. It starts in causation, in order to predict the risks by planning step by step. Effectuation is more related to execution, exploiting and expanding resources,

finding new opportunities which need a plan to be implemented. Then, this process starts again.

6. DISCUSSIONS

This dissertation aimed to provide the theoretical as well as empirical insights to answer for the following four research questions:

1. Do SMEs' entrepreneurs combine the causation and effectuation logics during the entrepreneurial process?
2. If so, how and why do two different entrepreneurial logics overlap?
3. How effective are those in their own right?
4. How do circumstances determine how and when these are deployed in practice?

The discussions chapter will be structured around these questions.

6.1 Causation and Effectuation in the entrepreneurial process

6.1.1 The use of improvisation towards to adaptation

Whilst the findings stand in line with those of Sarasvathy (2001), a factor has been discovered in this research process. This factor is the method of improvisation, used to start the process of adaptation. However, the research contradicts the findings of Matalamaki and Vuorinen (2017) who had posited that the effectuation process consequently ends in causation. This research had found that many entrepreneurs start with causation e.g. business planning but then verge off towards effectuation and adaptation. The adaptation process arises from improvisation where one or more unexpected events are identified. Thus, the need for a provisional measure is applied and then its effects are evaluated to start the process of adaptation in the planning process, which is part of causation.

In addition, it is relevant to make a better reflection about Mero *et al.* (2020) argument regarding causation having as a basis the knowledge of antecedent events. The 2020's pandemic brought an unexpected and extremely new scenario for everyone to face. Surely there is no antecedent to recur to on a lockdown situation or to a virus with no cure in an interconnected world such as ours. When it comes to the entrepreneurial world, especially the SMEs here presented, they all affirmed they had not been prepared for such an incident, even though the causation approach had

been used. This situation proved that only causation is not 100% assertive, since new risks can emerge.

On the other hand, the example corroborates the bricolage analysis made by Servantie and Rispal (2018) and Welter *et al.* (2016). Four of the entrepreneurs interviewed do not know yet what they are going to do to recover their losses whereas one of the restaurant's team interestingly used the period to make investments and innovate. Going along with the massive augmentation of utilisation of the virtual world, Emma and Paul used resources to create a website, an application and associated it to a new delivery system to the company, as well as created new products during the quarantine. The measures resulted in a successful changing of place to a three times bigger one after the doors were reopened.

Through this case, we can identify the combination of efforts and commitment to solve a problem as punctuated by Servantie and Rispal (2018) when defining the bricolage approach. Creativity was a crucial element to adaptation to an external environment, helping to overcome obstacles and creating value to the business, just as Welter *et al.* (2016) affirm to happen in cases where the approach is used to manage risks.

Moreover, one other element that can be seen in this case that is also discussed by authors on our literature review is the use of intuition on the effectual approach. For Servantie and Rispal (2018), intuition is an element that can also conduct entrepreneurs' decision making. Mero *et al.* (2020) add that, in a process such as this one, with an environment that issues an ultimatum, expertise makes all the difference to a successful result. For the entrepreneurs here interviewed, many times it is more useful their experience rather than the conceptual knowledge they have. Kate, for instance, emphasizes her gut feeling to solve a problem whereas Hugh punctuates he mixes logic and feelings in his process, since he comes across with situations where logic does not fit into it.

6.1.2 The effectiveness of both approaches

The effectuation and causation approaches differ from each other. Causation works with probabilities of risks, while effectuation focuses on resources and ways to expand it. Alsos *et al.* (2018) emphasized entrepreneurs with more experience have a tendency to choose causation over effectuation approach. Despite causation captures great information economic and competitive factors to make a detailed plan as said

by Servantie and Rispal (2018), the approach focuses on errors of others which can harm entrepreneurs in relation to identify new opportunities in the market. Thus, the researcher agree with the author Hovig *et al.* (2018) when the authors said entrepreneurs pursuing causation are well-informed, but they are affected by their generic knowledge. This method does not capture enough information and it may lead entrepreneurs to always make conclusions only based on previous situations with lack of data to make decisions.

On the other hand, effectuation seeks for new opportunities to influence the market. Effectual adopters become experts due to the experience acquired. Alsos *et al.* (2018) highlight the expertise to the effectuation approach, explained by Sarasvathy (2001) as an ability to manage the business creation along with the external environment. However, through data analysis, it is clear how entrepreneurs avoid improvisation. In the effectuation approach, they would rather deal with adaptation than with improvisation, since this last one is a synonym of errors. To do so, the act of reading, searching and trying to get to know the market they work in was mentioned by most part of them.

Chandler *et al.* (2011) informed that because effectual approach applies only affordable modifications to the business there is no need to acquire external resources. This study's findings showed that networking is a way to improve resources through partnership with other companies which is an acquisition of external resources. As said by Hovig *et al.* (2018) the adopters of causation do not value networking, once this is a tool from effectuation. In contrary to this affirmation, Paul and Emma for instance, made partnership with other companies to get into other industries and to expand the company within foodservice industry as well. Also, they punctuated networking helps a better purchasing, increasing incomes and reducing negative effects. Through this relationship, other goals were defined as causation process does. This is a result of the use of causation and effectuation simultaneously because Paul and Emma recognised the importance of networking in order to reduce uncertainty, as reported by Servantie and Rispal (2018).

Also, one of the managers interviewed punctuated his preference to adapt and to make improvements in patterns already in use so that it is easier for him to avoid mistakes. However, he also realises his necessity to be more innovative, showing in practice how the two approaches complement each other. Both internal and external environments need to be taken into account if the goal continues to be the

development of the company and increasing its competitiveness. The case of Emma and Paul that balance innovation and management show the importance of mixing both approaches. Having control of internal activities associated with a constant search for new opportunities and innovation helped them leave this first lockdown experience better than they entered.

6.1.3 The approaches and its environment of application

As defined by Sarasvathy (2001), causation approach is used by entrepreneurs in stable environments, where it is possible to plan and predict risks to identify what factors can cause certain effects. In the foodservice industry, for example, it is applied through standard routine of tasks and activities which facilitates the identification of new risks.

Sarasvathy (2001) also defined the effectuation approach, which mostly deals with lack of stability overcoming the daily challenges through the use of resources available. It is applicable when manipulation of variables is not feasible, and it was also possible to be observed through the data analysis. As such, in concordance with Melo *et al.* (2019), the two strategies are part of the process of creation and development of companies. It is up to the entrepreneurs to choose which one to use, always understanding that one complements the other, but as once more punctuated by Sarasvathy (2001), the sampling here analysed used causation to circumstances in need of a logical method of prediction whereas the effectuation one was used to regain control amid turbulent situations or when opportunities were identified.

However, other interesting findings were also obtained. When it comes to networking, it was a surprise to see that entrepreneurs use it in the causation approach. A tool thought to be applied only for effectuation gains meaning also for causation, since it helps entrepreneurs generate new goals for their companies. That is why the researcher disagrees with Matalamaki and Vuorenin (2017) when they are strict by saying that effectuation includes theories to innovate whereas causation seeks to meet market demand in a stable ambiance, since, in practice, entrepreneurs use tools of effectuation on a stable environment, for example. Therefore, there is an agreement with Palmie *et al.* (2019) when they put that some effectuation fundamentals are similar to causation.

7. CONCLUSION

This research was designed to study specificities of risk management on the entrepreneurial world. Specifically, it was a study that aimed to better understand the relations between risk management as causation and bricolage as effectuation, seeking to prove the good results that the simultaneous use of these two strategies can bring to entrepreneurs on a scenario of uncertainty and scarce resources.

In order to fulfil its goals, Ireland's food and beverage sector was chosen as the field to this investigation, recognised as the largest and the most important one in the country. As seen throughout the document, for instance, 50% of the total turnover in Ireland in 2016 was achieved thanks to SMEs activities (CSO, 2019). When it comes to the food and beverage industry in particular, a sector that generates over €25 billion annually, 94% of the industry is conducted by SMEs.

In spite of its significance to Ireland's economy, half of them shut down its doors in about five years after it had started its business, affected by a lack of a proper risk management (Murphy, 2016). Adding to this fact an international scenario firstly shaken by the Brexit and, today, by the Covid-19 pandemic and the huge impacts of its lockdowns, subjects such as business alternatives and expenses control became even more crucial to any business worldwide. The use of causation and effectuation, adaptation and improvisation alongside with expertise and gut feeling driven decision making needs to be highly discussed here. Therefore, it is urgent to deeper understand not only the Irish's small and micro entrepreneurs conjecture, but also to reinforce the literature already existent and effective measures recommended when it comes to successfully dealing with risk management.

As punctuated by Kvitastein and Aarstad (2019), the production of literature encompassing entrepreneurial effectuation and causation has been augmenting, since risk management is a powerful tool to any entrepreneur. As such, this study hopes to contribute to a body research that produces knowledge focused on helping entrepreneurs improve their performance on the planning and the process of taking decisions amid an unstable environment, using causation and effectuation tools at the same time.

With the support of the literature review compiled, it was possible to initiate the exploration knowing some recurring mistakes that occur in entrepreneurial activity in Ireland. As an example, it is possible to reinforce problems such as low cash flow, lack of skills in customer satisfaction and in dealing with risk management (Creagh,

2019; Murphy, 2016; OECD, 2020). In addition, even though the literature leaves no doubt that Irish SMEs already use causation and effectuation approaches simultaneously, it is not yet evident the way they do it. Once more, the lack of specific data revolving the subject reinforces the relevance of the research.

A case study was chosen as the method to carry out the investigation, with an interview guide formed by 15 open-ended questions, sent to a sample of 5 entrepreneurs. The respondents were either owners or managers of small and medium enterprises of restaurants in Dublin. Pseudonyms were given to each and every one of them, considering the importance of the privacy of the information collected. Also, due to the situation provoked by the pandemic, the questionnaires were sent by e-mail, preceded by a phone call provided by the researcher that donated a brief explanation of the study. By doing so, participants could respond to it on their own time, independently.

Dividing into three main overarching dimensions: planning to control, blending resources and mixing the approaches, it was possible to observe from the material collected that all the business analysed mix the causation and effectuation strategies. Also, those entrepreneurs have a tendency to begin with a causation approach and then use the effectuation one, on a process where one approach complements the other. This way, one covers the gaps the other might leave.

In addition, it became clearer the importance of networking to expand resources in order to efficiently manage risks. Amongst other, it helps to increase gains and attract new customers. Furthermore, through the data analysis it was possible to confirm the literature affirmation concerning the lack of qualified and committed workforce in the sector, compromising the quality of customer service. An issue that can be fruitfully attended by SMEs, once more through its networking, that permits a closer relationship with its customers.

As such, the research here presented reached its goals, being able to show the mixed use of both approaches by its sampling, presenting circumstances that trigger its usage and punctuating how they do it. Once more emphasizing the significance of such type of data not only to Irish entrepreneurs, but to any business owner, the research reinforces the necessity of more studies.

8. LIMITATIONS, IMPLICATIONS FOR MANAGERS AND AVENUES FOR FUTURE RESEARCH

During the development of the literature review, it was found a limitation to create a solid content about bricolage as effectuation and risk management as causation. Most of the existent literature discusses effectuation and causation itselfs and does not explore deeply the relation of the approaches to risk management and bricolage. Also, it was difficult to find evidences of the applications of the strategies in the foodservice industry. Thus, there is a need for a literature development from this sector linked to effectuation and causation approaches.

Another limitation of the research is the time constraints in getting the questionnaire on time from the participants. As the survey consists of fifteen open-ended questions, many of the participants were not willing to answer it, found it complex to respond to or resisted to share detailed information about their business which limited the data for the qualitative analysis and reduced the number of case studies to compare and to enrich the overall content to build theories. Even though their behaviour was understandable due to the situation caused by the pandemic, it is indeed lamentable that it was so. With this kind of research, it can be possible for entrepreneurs to gain even more knowledge regarding its market, to improve their techniques on risk management and to compare its strategies with others.

To conclude, this study was focused on the effects of combining risk management and bricolage with causation and effectuation. However, different propositions were identified during the research process in relation to other strategies, employed at the same time, which weren't exploited in this thesis. For this matter, it is suggested a deep study about the simultaneous application of causation and effectuation with other strategic methods or the application of the approaches in other sectors, since the approaches help the entrepreneurs to manage their business more efficiently, exploiting the benefits of both approaches in accordance with the situation. Another suggestion to enlighten even more this field of research would be to test the ideas of this study quantitatively, with a larger and / or an international sample.

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Appendix I

Job Position:

Company size:

Questions:

1 - What opportunities do you see in the foodservice sector? How do you go about finding/spotting them?

2 - How do you create value for customers?

3 - Would you, as an entrepreneur see yourself more as a manager or an innovator? Why?

4 - What key resources do you have at hand and how do you go about combining or organizing them?

5 - How do you prepare your business for uncertain situations or for the constant changes in the market? Ex: Brexit, Covid19 and etc.

6 - Do you always go logically about issues or do you address things with a gut feeling at times? Which one is stronger present and why do you trust it?

7 - What risks does your business face? How well have you managed them in the past? How do you try to manage risks at the moment?

8 - Which effective measures do you assume in order to deal with scarce resources? How do you internally deal with turbulent change or an unsettled market environment?

9 - What operational standards have you implemented to manage risk?

10 - How much do you network? How would you see the benefits from networking for your business? How does networking, if at all, help you to plan or manage risks?

11 - Can you give me an example (e.g. tell me of a situation) where you have you improvised in your business? Which positive and negative results did you get from that? How comfortable are you with improvisation?

12 - How do you improve your knowledge and competencies to better performance in the market?

13 - What core competitive advantage would you say your business has? How do you ensure that your business remains competitive?

14 - What are the plans for business in the future?

15 - Is there anything you would like to add?

Appendix II

An Examination of the Balance between Risk Management as Causation and Bricolage as Effectuation within Irish SMEs in Foodservice Industry

Consent to take part in research

- I..... voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves one to one interviews, consisted of 15 questions.

- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded or questions and answers sent via e-mail.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in a Master's Thesis of MSc on Entrepreneurship course at National College of Ireland.
- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained until November 2020.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for November 2022.
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Signature of research participant

Signature of participant

Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

Signature of researcher

Date