

Does Planning Matter: Relations Between Planning and Success in Small Enterprises in Ireland and Germany

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Abstract

Studies on planning and success of small business have frequently been done but researchers have drawn different conclusions. In a recent meta-analysis Schwenk and Shrader (1993) found a small but positive relationship between formal planning and performance in fourteen studies. They concluded that other variables may moderate the relationship between planning and success.

One prominent potential moderator is culture. Using Hofstede's (1991) framework of cross cultural differences it was argued that the efficacy of planning is related to his concept of "uncertainty avoidance". Plans can be seen as an attempt to get (at least partial) control of future fate of one's business. Ireland and Germany are different only in Hofstede's variable of uncertainty avoidance, the relationship between planning and success was compared across these countries. German entrepreneurs planned more in detail than Irish entrepreneurs. In Germany planning had a positive function for success while this relationship was negative in Ireland. Moreover, planning strategies were mediating the relationship between entrepreneurs' achievement orientations and success. This mediator was positive in Germany and negative in Ireland. We suppose that the higher level of uncertainty avoidance in Germany makes planning strategies more culturally appropriate and successful.

Due to technical difficulties with this paper, the full text of this paper is not available at this time. Please contact the author for a full copy of the paper.