**Revisiting The Influence of Institutional Forces on the Written Business Plan: A Replication Study**

**Abstract:** The present paper re-analyzes and extends a study on institutional forces and the written business plan (Honig and Karlsson, 2004). We attempt to examine to what extent critical decision making is evident in model and variable choice, and whether the implications provided by systematic replication efforts may serve to provide additional and perhaps unrecognized theoretical and/or empirical observations. We find that the key result – formal business planning does not affect performance, does not hold. In fact, we find evidence that formal business planning affects survival but not profitability. The re-analysis also reveals, that institutional antecedents to formal planning appear to be fragile and prone to researcher biases due to different coding and assumptions. This raises doubts as to whether the institutional variables accurately represent institutional influences on formal business planning. Our study underscores the consequences of relying upon current methodological explanations for subsequent analyses.
INTRODUCTION

Science is built on previous scholarship, and discoveries must be scientifically validated by independent scholars. Replication is necessary in order to create and establish general knowledge (Hubbard and Armstrong, 1994). Replication provides insight into nuances that may or may not support existing research. As Hambrick asserts, the only way to ensure our knowledge is evidence-based is “to allow ample testing and replication” (2007).

Proper replication necessitates careful methodological documentation that is frequently absent in management literature (Schwab and Starbuck, 2017; Bergh, Sharp, Aguinis, & Li, 2015). Only by systematically replicating can we learn nuances that may have very pertinent theoretical implications (Evanschitzky & Armstrong, 2013; Easley, Madden & Dunn, 2000). It is with this scholarly frame of reference that we introduce this replication study of the impact of business planning on the success and survival of nascent entrepreneurs, and it is to that that we now turn.

Entrepreneurship promotion continues to be a growing enterprise, consisting not only of a growing chorus of academic offerings, majors, graduate degrees, and PhD’s, but also of increasing popularity in the non-academic sector, ranging from reality TV to ‘dragon’s den’ and business competitions at the local levels. Much of this effort has historically been anchored in formal business planning, whose history has consisted of the specifying, structuring, training, evaluating, and competing of rather extensive documents attempting to forecast the financial and human resource trajectories of emergent businesses. We note that the concept of business planning, as well as its asserted importance, has always been a matter of debate. The field has largely been divided between those that believe business planning provides important goal setting and organizational advantages (Delmar and Shane, 2004) and those that believe entrepreneurship is a more ephemeral, contextual, and unpredictable process (e.g. Sarasvathy, 2001; Bhide, 2000). Others have focused on the non-rational legitimacy secured from appearing to follow normative processes (e.g. Honig and Karlsson,
More recently, a growing cadre of proponents have embraced a highly ‘slimmed down’ business plan process focusing almost exclusively on soliciting customer feedback while avoiding creating an extended formal document (Osterwalder & Pigneur, 2010). This replication study is not designed to adjudicate the costs or benefits of business planning, as that would require precise longitudinal data unavailable to us. Rather, the study is designed to extensively examine the methodological processes involved in one well established study of entrepreneurial business planning that focussed on less rational outcomes predicted by institutional theory (Honig and Karlsson, 2004).

Honig and Karlsson (2004; H&K thereafter) were among the first to remind us on the simple but vital fact that entrepreneurship relies on human agency and that humans are prone to external influences in their decision-making. Drawing on institutional theory H&K argue that business plans are normative devices required by financiers. Business plans therefore serve two purposes: In a ceremonial way, business plans disclose information that document the entrepreneur’s understanding of the norms of exchange, and are intended to legitimize the venture. Secondly, they might communicate information about the human or organizational capital, or market and product features.

By re-examining this study using contemporary methods and models, we serve not only to evaluate the relative robustness of the initial findings, but also to underscore the nuances and methodological implications imposed by researchers that are often unavailable or unrecognized in management scholarship. Following Hubbard and Armstrong (1994), we therefore engage in a replication with extensions. In short, we attempt to examine to what extent critical decision making is evident in model and variable choice, and whether the implications provided by systematic replication efforts may serve to provide additional and perhaps unrecognized theoretical and/or empirical observations.

We pursued our replication using a novel approach. We obtained the complete data set on which the H&K study was conducted and obtained the corresponding IDs of observations.
used by H&K. We exactly replicated the H&K study with the exact coefficients, standard errors, and even log-likelihood and Chi-square values. In the due course, we noted several discrepancies between the data used in the original study and the Swedish PSED userfile. Several observations had different values for key dependent and independent variables. We went through the entire dataset and listed every single discrepancy. This let us to believe that choices made by the original authors may have had an impact on the findings, which we further corroborated. We set three teams of doctoral students to work, attempting to replicate the H&K study to the best of their ability, following the methodological descriptions in the published article. This accomplished two goals: 1) allowed us to examine the adequacy or inadequacy of methodological descriptions for the purposes of replication and 2) allowed us to examine the impact and nuances of seemingly ‘minor’ variations in modeling on the eventual results.

Our findings showed, that institutional antecedents to formal planning appear to be fragile and prone to researcher biases due to different coding and assumptions. In particular, the education variable was more strongly related and the industry was strong in the replication. However coercion was somewhat surprisingly weak, probably as the operationalization of that variable was more generic.

This work also takes into account the theorized (yet untested) complex relations between institutional influences, the likelihood of planning, and the corresponding plan-performance relations. We see that it is particularly important to adopt a contextual lens because as the work in Honig and Karlsson (2004) notes, entrepreneurship in general, and planning in particular, is agentic. To this end, we find that the key result – formal business planning does not affect performance, does not hold. Business planning in our re-analysis affects survival, which attest to business planners being able to gain legitimacy, but does not affect profitability. We therefore conclude that business planning leads to persistence only.
We continue as follows. We first discuss the outset of the H&K study on external pressures to write business plans. Second, we discuss the need to revisit the institutional influences in the planning decision and the business plan – performance relation using an endogenous decision framework. In doing so, we recognize the need to cope with variable and model uncertainty to arrive at replicable findings. Next, we discuss the dataset and the results. Lastly, we conclude our findings and discuss implications.

THEORETICAL BACKGROUND

Related Literature on Business Planning

Drawing up a business plan is among the most widely recognized activities that entrepreneurs do and that are recommended to them. It involves collecting and analyzing relevant information to identify future tasks, risks, and opportunities, and deriving viable contingencies for future actions, and it usually exists in written form (Delmar and Shane, 2003; Gruber, 2007; Brinkmann et al., 2010). The value of a business plan for nascent entrepreneurs is widely debated in the academic literature, and its impact on future success remains ambiguous.

The literature on business planning has produced mixed findings that show by and large weakly positive plan-performance relationship (Schwenk and Shrader, 1993; Brews and Hunt, 1999; Brinckmann, Grichnik, and Kapsa, 2010). Early studies in the context of small firms, report a positive relationship (Schwenk and Shrader, 1993) and work in the entrepreneurial marketing domain finds positive performance effects (Gruber, 2007). The recent empirical entrepreneurship literature sees a number of empirical studies that deals with the planning-performance relationship. The impact, however varies strongly, providing positive, negative and non-significant results (Lange et al., 2007; Burke, Greene, and Fraser, 2010; Liao and Gartner; 2006; Honig, 2004). Importantly, Honig and Karlsson (2004; 2009)
discuss survival (institutional) and financial performance (rational) explanations, with most of the evidence suggesting that planning affects survival but not performance.

The existence of these mixed findings, have prompted scholars to question the theoretical premise of the efficacy of business plans and called for more trial and error approaches to new venture creation (Ries, 2011; Blank, 2013). Yet, some have urged scholars to focus on moderators of the proposed relationship (Brinckmann, Grichnik, and Kapsa, 2010), to apply different empirical methodologies (Greene and Hopp, 2016; Burke, Fraser, and Greene, 2010), while others have suggested to model the selection into planning activities differently (Brinckmann and Kim, 2015).

Finally, recent work in the entrepreneurship literature has called for a more nuanced understanding of endogeneity in the planning-performance relation. As such, that context in which individuals plan is typically studied in a piecemeal fashion, and ex ante decisions are often mixed up together with ex post events and strategies (Zahra, 2007; Burke, Fraser, and Greene, 2010).

Summary of Replication Study

We begin with a brief summary of the study we seek to replicate. Honig and Karlsson (2004), suggest that what shapes business plan selection are isomorphic pressures. Institutional pressures (coercive, mimetic, and normative) lead to the homogenization of nascent organizations development. In short, nascent entrepreneurs conduct formal business plan activities because different aspects of their institutional environments influence them to do so. Honig and Karlsson (2004) suggests that these sources of influence could be divided into the classical isomorphic pressures suggested by institutional theory, that is coercive, mimetic and normative pressures (DiMaggio and Powell, 1983). To operationalize these isomorphic pressures, they used public support agencies as a proxy for coercive pressures; we
used industry belonging as indicator of mimetic pressures, and business school attendance as an indicator of normative pressures.

Honig and Karlsson (2004) argue, though, that this screening function is largely symbolic. In essence, they set forth that business plans are legitimation devices that act as ‘ceremonial cues’ which communicate legitimacy to stakeholders. Honig and Samuelsson (2012) reinforce the perception that there is little value added to formal business plans either in monitoring or supporting venture performance. They find, for example, that once the pressure to acquire resources is removed, entrepreneurs no longer write or use formal business plans.

Hence, by and large formal business plan activities reflect these isomorphic pressures. Honig and Karlsson (2004) were among the first to explicitly model antecedents to planning activities and derive three hypotheses as to what drives an entrepreneur’s propensity to plan. We state these verbatim.

**Hypothesis 1:** Nascent organizations whose founders contact public support agencies have a greater propensity to produce business plans than those without such contact.

**Hypothesis 2:** Nascent organizations in industries where business planning is deeply rooted have a greater propensity to produce business plans than those in other industrial fields.

**Hypothesis 3:** Nascent organizations whose founders have a business education have a greater propensity to produce business plans than those whose founders do not have a business education.

Subsequently, they go on to posit that formal planners are more likely to a) survive and b) reach profitability. This reflects the notion that formal planning provides benefits (e.g. faster decision making, better learning outcomes) making it more likely that formal planners go on to comply with the environment and successfully create a profitable firm because formal
evaluation promotes the identification and exploitation of a business opportunity. We repeat these hypotheses verbatim in the following.

**Hypothesis 4:** Producing business plans will increase the probability of a nascent organization’s survival.

**Hypothesis 5:** Producing business plans is positively correlated with the probability of a nascent organization’s reaching profitability.

**Findings of the Original Study**

Honig and Karlsson begin their analysis with estimating logistic regression for the first three hypotheses. In doing so, coercive pressure is measured by a variable indicating whether “Contact with a business support agency” was reported. Isomorphic pressure is indicated by a dummy variable for the “manufacturing sector”. Finally, normative pressure is based on a dummy variable indicating whether or not a nascent entrepreneur “had completed a business class”. A formal business plan was derived from the question “Have you prepared a business plan?” and the confirmatory answer to the subsequent question, “What is the current form of your plan? Is it unwritten (in your head), informally written for internal use, formally prepared for external use, or something else?”. A formal business was coded as one if the respondent indicated that they had formally written plans for external use. The underlying argument here, was that only a formal written plan fulfills the institutional requirements of actually being a business plan. Informally written, or in your head plans do not.

The results reported indicate support for hypotheses 1 and 2, but not for hypothesis 3.

Similarly, for hypothesis 4 and 5, survival and profitability are employed as dummy variables in a logistic regression framework. ”. Honig and Karlsson (2004) employ two dependent variables. Survival was defined using a dummy variable that takes on the value of one, if the project survived throughout the Swedish PSED time horizon and zero if it was abandoned at any point in time. Profitability is coded as one if owners indicated that they
were profitable at any of the survey interviews (at 6-, 12-, 18-, or 24-month interview points). As to the effect of business planning, H&K report no support for either of the hypotheses, though the coefficient for formal planning on survival was significant at the 10 percent level (which the authors interpret as not enough evidence in favour of hypothesis 4).

In summary, Honig and Karlsson (2004) were the first to theorize and document that formal business plans do not exist in a de-contextualized vacuum, but rather, that business planning is reflective of human agency reacting to external influences. In particular, coercive and mimetic pressures influence who is going to produce a formal business plan. More importantly though, the study also highlights that this very institutional context becomes part of the business planning journey. While the results support the view that external influences prompt planning, the plan itself is by and large reduced to being a symbolic instrument, without actual effect on survival and more importantly, without an impact on profitability.

METHODS

Results of replication using identical models

In the following we replicate and extend the results from Honig and Karlsson’s 2004 study “Institutional forces and the written business plan”. According to Google Scholar, as of August 2017, the paper has been cited 413 times.

The data is based on the Swedish PSED study for which individuals (between 16 and 70, with oversampling of 25-44 year olds) were randomly selected to participate. Respondents went through screening interviews, in which nascent (those in the process of starting a new venture) were selected from. The sample used in Honig and Karlsson (2004) comprises 396 nascent entrepreneurs, for whom outcome data (e.g disbanded or experienced profitability) was observed over a 24 month period, with continuous re-interviewing.

In our replication study, we have access to the original data file—that is, the raw data that the original research team used. We have obtained the corresponding IDs of observations
used in the original study. As a benchmark, we have therefor exactly replicated the H&K study. We obtain the exact coefficients, standard errors, and even log-likelihood and Chi-square values as in the original study. We also checked the pairwise correlations between variables and came up with the exact correlations reported in the paper. Yet, we note tiny distortions by rounding errors in the original study in the second and third digit after the comma (numbers in the original have been rounded down almost exclusively). As a first results, we can confirm that the H&K study is fully replicable.

However, we noted that some discrepancies exist between the original study and the data used and the Swedish PSED userfile. Several observations had different values for key dependent and independent variables. This might in fact, be related to the very way the Swedish data has been collected and curated over time. The first publications that came out of the Swedish PSED took place simultaneously when the data was collected. There were studies that used the screening data, wave one and two and then up to the 24 month follow-up. The data was continuously consolidated by a data manager which could result in small differences between the file used in real time and the curated master files. In addition, there were two major files, one following persons and one following projects which could also have an impact on specific items especially across time. Each researcher using the original files also used different ways of dummy code and develop their variables which over time could lead to small differences in mean values.

Importantly, this might effect the direct replicability of the H&K study using the Swedish PSED userfiles available. As a consequence, we have gone through the very study and listed all discrepancies in the data and provide a corrected version of the H&K study using the latest userfile. Noteworthy, the results stay by and large the same. Summary Statistics remain almost identical, yet regression coefficients vary slightly in size and level of significance. This provides yet another benchmark against which the other replication studies
need to be compared to. We list the original codings of H&K in the Appendix alongside the corrected data for the Corrigendum version.

In the following, we had three groups of PhD students in a class on “Applied Econometrics” to replicate the Honig and Karlsson study. The groups are comprised of PhD students from several universities in Germany and Austria. All groups were given the same task of replicating the original study with the corresponding variables and number of observations, and adhering closely to the original methodology. In the due course, we have also approached the original authors to corroborate judgments and coding. Both authors have provided insights and helped to clarify in case problems arose. In table 1 and 2 we depict the exactly replicated results and the corrigendum alongside the three replication studies. The corrigendum corroborates the findings from the H&K study.

Firstly, the main focus is on the first three hypotheses and those who indicate that they have a formally written business plan (for external use). This variable serves as the dependent variable in three regressions and as the explanatory variable in two regressions. The three replication studies are able to replicate 83 percent of the signs reported in the original study, which attests to the generalizability of the reported results. Yet, as the individual coefficients report, there are various differences, especially in light of idiosyncratic interpretation of the data at hand. We report these results in table 1.

Insert Table 1 about here

Regarding “Contact with Assistance Agency,” one replication study confirms the significant positive effect reported in the original study, though the coefficient estimates differ

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1 We contrast all variable coding for the original study (text statements from the article indicating variable coding) and the exact questions used for the replication study in the Appendix.
(β=0.959), while the other two report an insignificant effect. The variable indicating whether or not someone took a business class is insignificant in two replication studies and positive and significant in one (β=0.535). The coefficient for the manufacturing variable is confirmed in all three replication studies. Hence, there are many discrepancies in the findings.

Depending on the assumptions, the studies report manufacturing and business classes taken as significant (Study One), but not contact with an agency. Also, Study Two would report manufacturing as the driving factor of business planning, but not the contact with the agency or the business classes taken. Lastly, Study Three finds contact with an agency to be the main force, but manufacturing is only significant at the 10 percent level Study Three finds no effect for business classes taken. Importantly, though, not a single study confirms similar findings for the three hypotheses.

Subsequently, all three replication studies re-estimate the effect of having a formal business plan on both survival and profitability. Results are reported in table 2. Interestingly, the studies perform worse in the second stage regressions, predicting only 66 percent of the signs correctly. As to their findings, Honig and Karlsson (2004: 41) note that “Writing a formal business plan had a moderate coefficient increasing survival by 1.8, but failed to pass the p < .05 significance level.” Thus, they consider Hypothesis 4 as not supported. All three studies find that a formal plan has an insignificant effect on profitability, which corroborates the original results. However, the studies report a positive and highly significant effect for formal business planning (study 1: β=0.835), and two effects that are almost identical to the original findings, yet pass the 5 percent level of significance (as opposed to being significant at the 10% level in both, the original and corrigendum dataset). Hence, there appears to be evidence in favor of Hypothesis 4, which, however, is at odds with the original interpretation. This confirms the most obvious institutional theory interpretation, and since there is no evidence in favour of H5, it discards, the functional/rational explanation.
In sum, while some of our first stage estimates are broadly consistent with the original findings, we fail to reproduce the full set of effects reported in the original work. Hence, overall, there appears to be very mixed evidence as to the robustness of the findings concerning the institutional antecedents of business planning. The results of the three replications raise the question of whether the variables accurately represent institutional influences on formal business planning. In addition, as it concerns the second stage of effect of business planning on performance we find contrary effects for the effect of plans on survival. We will explore the reasons for these discrepancies in the following.

**Explanation for replication differences: Parameter uncertainty**

With respect to working the underlying raw data, idiosyncratic choices and strategies may introduce unrecognized variable uncertainty. There are many reasonable and unreasonable approaches to evaluating data. In fact, because there is not always a direct measure available, researchers test hypotheses using various (and likely different) ways to operationalize variables and constructs. As Stroebe and Strack (2014) point out, there is uncertainty surrounding the decisions researchers make when operationalizing variables to test theories. Results may be affected by chance, misinterpretations, a different choice of methods, and (not necessarily fraudulent) discretion in researcher analytics.

To begin with, it is noteworthy that in Table 1 and 2, each group reports a different number of observations. Hence, due to idiosyncratic decisions taken by each team some information was missing and subsequently variables could not be calculated. As such, some observations were omitted in the analysis and results are bound to be different. While Honig
and Karlsson report 396 observations, the three replication studies have 379, 390, and 339, respectively.

We depict all variables reported in the original study in the Appendix (with text from the original source) and denote how they were operationalized originally and in the replication studies. We discuss in the following how the operationalization differs with respect to the variables used as main explanatory and dependent variables (those central to the hypotheses).

**Dependent Variable**

Honig and Karlsson (2004) report 57% of the firms becoming profitable and 22.5% having a formal business plan. Two studies (Study 1 and 3) condition their dependent variable on Question pp11 (Did your company make a profit or loss previous year of operations?) and pp13 (Do you expect your company to make a profit or a loss this year?). Hence, these studies are more inclusive in their approach by also including the expectation of profits. Another study (Study 2), conditions only on pp11, pp21, and pp31 (Did your company make a profit or loss in this year, 1998, 1997?; 0=Break-Even, 1=Profit, 2=Loss)”. In summary, all three replication studies report lower profitability levels. Noteworthy, Honig and Karlsson (2004) derived their profitability measure from a different question “Does the monthly revenue exceed the monthly expenses?” and focused on operational profitability. This amounts to a difference of 15 percent from the different use of profitability measures.

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Insert Table 3 about here

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With respect to survival, Honig and Karlsson (2004) report 37.5% of the ventures as surviving. Possibly (and that is what the replication studies report) they refer to 1-0.375 of the ventures surviving, with 37% disbanding their efforts. One study follows the same procedure
as the original study (Study 2: conditioning on sg14/sg24 “How would you describe the current status of this start-up effort? Is it now an operating business; still in an active start-up phase; still a start-up, but inactive; no longer being worked on by anybody; or something else?”) and reports similar results with 29% of the ventures disbanding. Another study (Study 1) conditions on the indicated year of disbandment (question sa01yn*) where there are some missing values that reduce observations. Still 27% of the ventures are reported as disbanding, which is comparable. Importantly, all other outcomes such as “resting” or “inactive” are not included in the measure as actively disbanded. Treating these 7% of the cases as disbanded would almost account for the differences to the Honig and Karlsson (2004) results.

Interestingly, one study (Study 3) starts with defining those ventures that became profitable first (e.g. describe their status as operational) and then recoded those that report any other status subsequently. Here, survival is less inclusive and results in only 38% of the ventures that are treated as surviving (resting and inactive ventures included in the non-surviving measure). In a strict sense, this reflects the notion of Honig and Karlsson (2004: 36) who define survival as “continuance of a project throughout the time horizon of the project”. Not working on a project anymore, is strictly speaking not really continuing on the project. Hence, there are strong discrepancies here as to how variables should or could be calculated.

As for the formal business planning variable, Honig and Karlsson (2004) report 22.5% formal planners, while all replication studies report higher numbers. While H&K use the first wave only, the replication studies also accounted for the dynamic nature of completing a business plan in subsequent months, which is not an unreasonable measure. In fact, the results in H&K seem to condition and be applicable to those that have a formal plan at the beginning of the survey, but not for those that complete the plan in the due course of the 24 month period. Hence, while the paper gives a definition this does not resemble the data collection effort closely. All in all, all three replication studies treated both responses an initial formal
plan and subsequent formal preparation (coded as three) as a formal business plan, resulting in higher numbers in comparison to the original study.

Explanatory Variables

As to the main explanatory variables, sector compositions are roughly similar and only affected by the number of observations. Concerning coercive pressures, a dummy variable was created identifying nascent entrepreneurs who indicated they had contact with a business support agency.

Yet, there are several questions that can be used to create this dichotomous variable. One study (Study 3) uses the answer to question cs01in00 (“Many programs to help new businesses get established have been developed. Federal, state, and local governments, universities, and voluntary associations sponsor them. Have you made contact with any such program?”). When using this question, the percentages derived resemble those published in the original study.

Unfortunately, and not directly indicated in the text, respondents are also asked questions regarding 7 different agencies with which they can make contact in three subsequent waves. When summing over all these agencies, the percentages (surprisingly) increase. In addition, it is not clear from the original writing, if only the first period is taken into account or subsequent periods. The number closest to the original paper (Study 3) only employ the initial wave, which strictly ensures that contact took place before planning started, though others may contact agencies subsequently and then begin to formally plan. Again, the original study took a static perspective here, while a dynamic perspective might be equally defendable. In fact, cases that talk to agencies during the 24 month period would be omitted by conditioning on the first wave solely. Also, respondents indicate the intensity of the contact. For example, the difference in summary statistics of some 20% could also be explained when deducting from the indicated existence of a contact, those contacts that made no use of the
information provided. Again, several approaches and assumptions seem feasible, justifiable, and defendable.

Lastly, for the calculations of variables related to normative pressure, a variable indicating whether or not the respondents had taken business classes was introduced. To comply with the hypotheses, business classes should have been completed before a business plan was undertaken. One approach to ensure this would be to simply use the initial wave answers solely. Noteworthy here, the H&K now takes a dynamic view and includes in responses in month zero, six, and 12. One study (Study 2) uses answers only in the initial wave, two other studies use subsequent responses. Results are quite similar. Yet, none of the studies comes close to the original results reported. Interestingly, when instead of using the response to the question “Have you taken any classes or workshops on starting a business?” but rather the number of workshops reported gu01nn “How many classes or workshops have you taken part in?” all studies report numbers close to 0.45-0.5 (very close to the numbers published in the original paper). Yet, these represent not the percentage of people that took a business class, but rather the average number of classes over the sample. All in all, we it is very difficult to reconcile these numbers from the variable definitions given in the text and hence, discrepancies between studies exist.

**Summary re-construction of dependent and explanatory variables**

In summary, while there is some resemblance in the numbers reported there are very many ways in which researchers can code, re-code their variables. In fact, the words and definitions given in the paper may (or may not) reflect what the authors did. Also, without having direct access to the data, the code books, and the coded variables it is very difficult to assess what really is going on most of the times. In fact, all researchers (including the original authors) made sensible and defendable assumptions about their data coding, yet they differ in very many aspects. The question that naturally arises is whether these assumptions have a
direct influence on the results reported. We restrict our discussion of discrepancies to the main
dependent and explanatory variables used. Stata do files with exact coding are available as a
supplement to this text. Descriptive statistics for other variables are reported in table 3.

The complexity of the work we engage is bound to be driven by discretion and by
defensible, debatable choices. But the more the discretionary factors play into the
interpretability and generalizability of findings, the more important it becomes to spell out the
assumptions, to provide alternatives, and to see how the initial results hold up. Keeping track
of how one processes the data is important to allow other researchers to walk in one’s shoes.
In particular, for understanding the lower and upper boundaries of the estimates, it’s important
to see how outliers have been dealt with and how variables have been coded. All investigators
need to apply rigor, not only to the method they choose, but also to the way they handle data.

Explanation for replication differences: Model uncertainty

In choosing the models they report, researchers have several degrees of freedom that
make it difficult to assess the robustness of the findings. These areas include variable
calculations, inclusion or exclusion, and specifying the underlying variable distribution. This
may lead to curated model specifications, those that are more likely to report significant
findings, that make it difficult for readers to assess the true nature of relationships (Young and
Holsteen, 2015: 4). This leads to model uncertainty. Our conviction of uncertainty is grounded
in similar recent efforts in which Silberzahn and Uhlmann (2015) highlight the great variety
of defensible conclusions that can be drawn from the same dataset, albeit with different
assumptions and methods. As Ho et al. (2007:232) argue, model selection is “difficult, fraught
with ethical and methodological dilemmas, and not covered in any serious way in classical
statistical texts.” Within the current context, Honig and Karlsson (2004) discuss between 14
and 17 control variables for either model estimated. In fact, with some 14 to 17 control
variables, the number of possible unique variable compositions goes well into the hundred
thousand possible combinations (permutation of variables). Findings can be strongly conditional on the nature and composition of control variables chosen. We would argue that the same can be said for reporting.

Building on work in econometrics (for example, Leamer 1983; Sala-i-Martin 1997; Sala-i-Martin, Doppelhofer, and Miller 2004), Young and Holsteen (2015) suggest a computational robustness model that addresses model uncertainty and provides an estimate about how model parameters change in repeated modeling. Moving forward, we should be interested in not only whether or not an effect is different from zero, but also whether the estimate is different from the results generated by other plausible models. It is especially important to rule out results that crucially depend on control variable constellations.

As to the three antecedents of formal business planning, there are 65,536 unique combinations of the control variables. We follow the model suggested in Young and Holsteen (2015) and estimate these models using all possible variable combinations. Results are reported in table 4.

For the variable “Contact with Assistance Agency,” we find that the results appear stable in the original file, with wide discrepancy among the replication studies. In the H&K sample, the estimated coefficient is positive in every possible combination of control variables, as evidenced by the stability of the sign. The robustness ratio, the mean divided by the total standard error, is 3.66. By the standard of a simple t-test, this would be considered as highly significant. While it is significant in 92 percent of the models in Study 1 and significant in 100 percent of Study 3, it is significant in only 17 percent of the cases in Study 2. The average estimate across all models, including those that are theoretically unjustified,
ranges from 0.39 to 0.95—close to the coefficient reported in the original study. The robustness ratio, though, would be considered as insignificant. Importantly, the coefficient estimate of the contact with the business agency strongly depends on the inclusion of the business classes variable. In fact, in the model specification reported in the original study, the effect for contact with the business agency would become significant if the variable business classes were omitted. In sum, the variable contact with the business agency appears to be stable in the original but sensitive in the replications.

For the variable manufacturing, we find that the results appear strongly robust. The estimated coefficient is positive in every possible combination of control variables and significant in close to a 100 percent of the models estimated in the original and in Studies 1 and 2, though, interestingly, in only 50 percent of the models in Study 3. The average estimate across all models ranges from 0.68 to 0.95, which includes the coefficient reported in the original study. The robustness ratio ranges from 1.9 to 2.9. Hence, the coefficient for manufacturing can be regarded as strongly robust.

We report the coefficient estimate for business classes taken. The estimated coefficient is positive in every possible combination of control variables in the original and Studies 1 and 2, though in only 87 percent of them in Study 3, but only significant in 53, 78, 13, and 0 percent of the cases. The average estimate across all models ranges from 0.18 to 0.59 (including the coefficient reported in the original paper). The robustness ratio ranges from 0.58 to 2.17. This would be considered as mostly insignificant, which corroborates the results reported in the original study. Yet, again, the effect of business classes taken strongly depends on the inclusion of the variable “Contact with Assistance Agency.” Again, “business classes” in the model reported in the paper become significant if the variable “Contact with Assistance Agency” is omitted. These two variables (which are theoretically justified) each appear to have an effect when included separately. However, both are highly contingent on the chosen set of control variables. Given the high degree of sensitivity between the “business class” and
“assistance agency” variables, it would have made sense to investigate potential interaction effects between them. We graph the modelling distribution derived from the replication studies in Figure 1 for the first stage regressions (H1 – H3).

Insert Figure 1 about here

For the analysis of formal business planning on survival and profitability, there are some 131,000 unique combinations of variables. Results are reported in table 5. For the effect of a formal business plan on survival we find that the average estimate across all models ranges from 0.614 to 0.935. The robustness ratio is 2.18 at the lower and 2.99 at the upper end. Again, this would be considered as strongly robust. The variable is positive in 100 percent and significant in almost 100 percent of the models estimated; only in Replication Study Three is it significant in 85 percent of the models. It is also only significant in 71% of the models originating from the original study. Hence, there is very strong evidence that having a formal business plan affects the survival of new ventures positively, but evidence is more fragile in the original study.

Insert Table 5 about here

For the effect of a formal business plan on profitability, we find that the effect is never significant in any model combination estimated. These findings corroborate the evidence reported in the original study. We graph the modelling distribution for the performance measures in Figure 2. The results corroborate the previous findings: the coefficient for formal
planning on survival is strongly positive, and distributions appear to be similar across studies. Also, the coefficient for planning on profitability always includes zero, and, therefore, is not significant in all three replication studies. It is worth clarifying here that “survival” in this study indicates if the respondent is still actively attempting to start up a new business, more closely related to the notion of persistence. Therefore, it might be more accurate to call it persistence. “Survival” might suggest that there actually is a business that has been started and has survived.

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Insert Figure 2 about here

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**Explanation for replication differences: Theoretical and empirical mismatch**

The original study of Honig and Karlsson theorizes an endogenous relationship between planning and outcomes. It specifically highlights the role of context in understanding why and when individuals plan and how this effects the outcome of the process. In fact, context theorizing suggests that governmental support agencies, industrial fields, and the founders’ business education all impact the likelihood of writing a business plan. As such, “situational opportunities and constraints […] affect the occurrence and meaning of organizational behavior as well as functional relationships between variables” (Johns, 2006: 386).

However, it has also been theorized and even reported explicitly that education, at least, affects the outcome variable (Davidsson and Honig, 2003; Unger et al., 2011). Similarly, organizations that offer business advice and assistance have been reported to affect new venture outcomes (Davidsson and Honig, 2003). Hence, several empirical concerns exist as to the role of institutional context in affecting the plan-performance relation.

The acknowledgment of agency on the one hand and external influences on the other hand yet highlights a disjunction between theories and context that is apparent in nascent
venture planning studies: the endogenous roots of the decision to plan are often conflated with the outcomes of planning, with the net result that there are biased estimates of the planning-performance relationship (Burke et al., 2010). With the notion of entrepreneurs choosing to plan based on external influences comes the problem that some entrepreneurs perceive business planning as a valuable strategy while others do not. More broadly speaking, under the conditions for one nascent entrepreneur business planning might be beneficial while under different circumstances not planning might be a preferable alternative. The business planning decision is thus likely to be endogenous and self-selected. Consequently, estimating performance impacts of strategic choices in entrepreneurial research by neglecting the endogenous nature of decisions might lead to erroneous results and could lead to wrong conclusions drawn from empirical analyses.

Given the way the institutional factors influence on the propensity to plan, it is likely that, at least, the second stage estimation, which looks into the effect of business planning on performance, is confounded by the specific institutional variables that affect planning and performance simultaneously. This may subsequently distort empirical estimates. In the original results reported, the variable indicating contact with a support agency influences both the likelihood of writing a business plan and the probability of persisting in the startup effort. Moreover, whether or not someone is a member of a business network influences planning, profitability, and survival. That is, the study may suffer from an endogeneity problem (predictor variables correlate with the error term in the outcome regression), making it difficult to assess the impact of context on planning propensity, and estimating the true causal effect of business planning on performance. We therefore aim in the following to extend the results along these lines to single out the effect of institutional factors on the decision to plan and to assess the robustness of the plan-performance relation (Burke, Fraser, and Greene (2010); Greene and Hopp, 2016).
To check the robustness of the estimates, all three groups performed this sensitivity check on the effect for formal planning on both survival and profitability. All studies estimated the impact of planning on performance using a propensity score matching approach (Li, 2013; Kaiser and Malchow-Moeller, 2010). To rule out yet another potential source of biases, Li (2013) suggests it is reasonable to use other matching estimators to make sure that the matching choice is not affecting the results. All studies therefore provide estimates from nearest neighbor matching, kernel matching and radius matching alongside the PSM results.\(^2\)

Insert Table 6 about here

We report the results for the various versions of the endogeneity adjusted treatment effects for the survival outcome in Table 6. Interestingly, when it comes to the robustness of the findings, the original study shows no effect of business planning on survival, while the corrigendum reports an effect that is significant at the 10% level for radius and kernel matching. In addition, we find that within Replication Study 1, the coefficient for a formal business plan is positive and significant at the 5 percent level for all estimators employed. The coefficient estimates range from 0.11 to 0.13. In Replication Study 2, the coefficient is again positive and significant, yet significant at the 10 percent level in three out of four models, and once at the 5 percent level. Coefficients are slightly lower, ranging from 0.08 to 0.11. Lastly, in Replication Study 3, the coefficient is significant at the 10 percent level in only a single regression. The coefficients are comparable to the previous sets of regressions (from 0.09 to 0.1). All in all, there is yet again strong evidence that a formal plan affects survival positively.

\(^2\) In nearest neighbor, they compute the ATT using one single neighbor only. This provides a more conservative estimate; as more matching partners increase a potential bias (Abadie et al. 2004). In radius matching, controls are matched to treated units when the propensity score falls into a pre-defined range of the treated unit (Huber, Lechner, & Steinmayr, 2015). Finally, to provide a non-parametric ATT, they use kernel matching, in which all treated units are matched with a weighted average of the controls, as per Becker and Ichino (2002).
Lastly, the results in Table 7 provide estimates of the various treatment effects for the profitability outcome. Here we find evidence that a formal business plan does not affect the profitability of a venture in neither the original study nor the corrigendum dataset. Also, in 12 matching models estimated, the coefficient for the formal business plan is significant and negative in a single estimator at the 10 percent level. This, however, is to be expected with 12 models estimated. In summary, the findings corroborate the insignificant effect of having a formal plan on venture profitability,

Insert Table 7 about here

DISCUSSION
In our analysis, we replicate a paper published in the Journal of Management on institutional forces and the written business plan (Honig and Karlsson, 2004) using the original dataset available to the researchers that conducted the initial study. Our study highlights the importance of ‘context theorizing’ and an appropriate empirical treatment of complex theorized relations (Bamberger, 2008). There have been several calls in the literature for the development of a better understanding of how context impacts on predictor and criterion variables (Mowday & Sutton, 1993; Rousseau and Fried, 2001; Johns, 2001, 2006; Alvesson & Karreman, 2007; Whetten, 2009; Welther, 2011; Zahra et al., 2014). Scholars identify the importance of contexts because ‘situational linking’ (Bamberger, 2008) stimulates theorizing about phenomena. It also improves the applicability of results (Johns, 2006) and deals with issues such as ‘sign reversals’ or differences in causal directions which threaten the practical validity of results.

In sum, we find partial support only that the decision to plan is responsive to the need for external influences and, by implication, that plans are devices that seek to build institutional legitimacy for the nascent venture. There is mixed support for an institutional isomorphic
perspective on planning, yet empirical results are not as robust as initially thought. The institutional theory variables proved to be less strongly related to business plans than presented in the initial study.

In particular, the education variable was more strongly related and the industry was strong in the replication. However coercion was somewhat surprisingly weak, probably as the operationalization of that variable was more generic. While we find some agreement with the initial published paper’s general findings, our study underscores the consequences of relying upon current methodological explanations for subsequent analyses. In our view, this selection into formal planning based on external pressure induces several empirical concerns. First, effects of institutions on planning propensity may be sensitive to operationalization. Moreover, the constructs used may not even be fit to measure the underlying theoretical construct, and, hence, there are concerns about whether researchers are actually measuring what they claim to be measuring (Ketchen, Ireland, and Baker, 2013).

The replications raise the question of whether the institutional variables accurately represent institutional influences on formal business planning. In fact, the variables might be too distal to the theory to produce stable results. This suggests that future research should develop more specific survey items designed for testing the influence of institutional forces on business plans. To this end, perhaps it is even possible to generate stronger results in a replication, with more specific measures.

Also, there is only limited evidence for the role of business classes in prompting planning efforts. In fact, without a proper understanding of what the curriculum comprises it is very difficult to see if entrepreneurs equate the founding of their business with planning. This problem might even be exacerbated by the fact that over the past decade numerous alternatives to business plans have found entrance into business schools. Hence, it might become more important to test for the trade-offs entrepreneurs go through when deciding for one (say the business model canvas) approach over another (a formal business plan).
However, it is important to note that formal plans are not just ceremonial devices (Kirsch, Goldfarb & Gera, 2009): once we have controlled for external finance in our selection model, we still find that planning has a positive impact on venture survival but no effect on profitability. We, therefore see value in developing an ‘endogeneity sensibility’ to discover context-free regularities (Tsui, 2007). Interestingly, our replication studies found that the hypothesized effect of formal planning on nascent venture persistence is larger and more significant than reported in the original study. Yet, we note a disjoint between theories and empirics that becomes apparent. We believe that this gap persists because the prevailing nascent planning literature has failed to fully integrate the contextual nature of planning. This is not to say that prior planning studies fail to acknowledge context, more that the situational context “influence is often unrecognized or underappreciated” (Johns, 2006: 389, emphasis in original). One implication of our approach is that researchers should integrate an endogeneity dimension in their attempts to describe, explain and guide managerial practice. Such an endogeneity perspective is important because it helps develop a more contextualized and processual view of entrepreneurial, managerial and organizational behaviors (Mackenzie, 2000; Langley et al., 2013).

Our results are line with other large scale evidence that points to the efficacy of formal business planning (Burke et al, 2010; Delmar and Shane, 2003). We see that there are positive reasons why scripted formal planning works. This includes a recognition that planning provides a framework for translating goals into actions that aid persistence. We find a strong (and robust) effect of business planning on nascent venture survival (but not profitability). Our findings therefore also have implications for the theoretical debate about the role business planning plays in new ventures.

To the contrary, we did not find evidence on formal plans affecting profitability, though severe variations existed as to how this variable was operationalized. This raises interesting questions for future research on goal setting theory and business planning. Whilst goal setting
theorists have traditionally emphasized how ability and circumstance impact on goal attainment (such as profitability), what our research suggests is that there is a need for further theorizing on the temporality of goal setting. Goal setting appear to work for short term goals, such as achieving intermediate milestones and thus survival, but not for achieving profitability in the long run. Importantly, however, the variable employed in Honig and Karlsson (2004) differs in some ways from other PSED type measures that focus on early-stage profitability, for example in the harmonized version of the PSED (Reynolds et. al., 2016). These studies include salaries of the managers as part of their dependent variable and report lower percentages of ventures reporting profitability. An extension using harmonized data (and other countries) might therefore be warranted to generate more definitive conclusions.

Our reflection, therefore, sees the need for a theoretical re-orientation towards an ‘endogenous dimension’ of formal planning but we also see the need to explore boundary conditions in understanding the planning-performance relationship. What a future research agenda could include is a focus on situations in which formal planning is beneficial and conditions under which it is not.

CONCLUSION

One of the best ways to reduce incidents of scholarly error, whether intentional or not, is systematic replication. Rather than viewing prominent articles in high-impact journals such as the Journal of Management (JOM) as sacred texts, contemporary scholars would be better served by careful attempts at replication resulting in the verification or contradiction of important management research.

The present paper re-analyzes a study that was published in the JOM - “Institutional forces and the written business plan” (Honig and Karlsson, 2004). In three separate teams, we re-do the empirical exercise and re-run the numbers. Our findings highlight the importance of transparency—of making raw data freely available—and also of looking clearly at the fine-
grained choices that researchers make when they process data. The data the original article is based on, has already been subject to considerable controversy, as discussed elsewhere (Honig & Samuelsson, 2014; 2015; Davidsson, 2015; Delmar, 2015). Only through careful and unbiased re-examination of published data through rigorous replication procedures can scholars be certain that critical findings are trustworthy, and worthy of being heeded by the wider community.

Our study found that there was considerable variation in possible conclusions, depending on undisclosed statistical and scholarly decision making. Thus our study contributes additional information about the robustness of the Honig and Karlsson (2004) study, and shows the impact that minor statistical decisions can have on the findings of a study. In fact, all researchers (including the original authors) made sensible and defendable assumptions about their data coding, though there seem to be too little robustness checks in the original study. To this end, the replications raise the question of whether the institutional variables accurately represent institutional influences on formal business planning.

In our view, there aren’t enough exact replication studies. This shortage limits our understanding of the theoretical and empirical implications upon which future scholars can build. Scrutiny can only be exerted when data is available, and, hence, commonly owned, and when assumptions are defended and disputed. Subjectivity is a component of the research process; transparency can clarify choices and facilitate richer understanding of interpretations.
REFERENCES


## APPENDIX

### Table 1: Summary of Variable Coefficients – Dep. Variable Formal Business Plan

<table>
<thead>
<tr>
<th>Variable</th>
<th>Honig/Karlsson (exact Replication)</th>
<th>Honig/Karlsson (Corrigendum)</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
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<td>-0.02</td>
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<td>0.065</td>
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<td>0.007</td>
<td>0.014</td>
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<td>-0.020</td>
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</tr>
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<td>0.02</td>
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<td>0.020</td>
<td>0.262</td>
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<td>0.37</td>
<td>0.340</td>
<td>0.380</td>
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<td>1.07**</td>
<td>1.05**</td>
<td>1.02**</td>
<td>0.381</td>
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<td>0.65*</td>
<td>0.535*</td>
<td>0.370</td>
<td>0.379</td>
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N = 396

† p<.1  
* p<0.05  
** p<.01  
*** p<.001
Table 2: Summary of Variable Coefficients – Dep. Variable Survival and Profitability

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<th>Profitability</th>
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<td>-0.02</td>
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<td>Years Experience as Manager</td>
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<td>Previous Start-Up Experience</td>
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<td>Parents in Business</td>
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<td>0.37</td>
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<td>0.23</td>
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† p<.1
* p<0.05
** p<.01
*** p<.001
### Table 3: Summary Statistics

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<tr>
<th>Variable</th>
<th>Exact Replication</th>
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Table 4: Robustness of First Stage Estimates

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<th>Corrigendum</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
</tr>
</thead>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Mean</td>
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<td>2.999</td>
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<td>100%</td>
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<td>100%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>0.299</td>
<td>0.313</td>
<td>0.188</td>
<td>-0.094</td>
<td>-0.228</td>
</tr>
<tr>
<td>Robustness Ratio</td>
<td>0.924</td>
<td>0.993</td>
<td>0.688</td>
<td>-0.356</td>
<td>-0.729</td>
</tr>
<tr>
<td>Sign Stability</td>
<td>100%</td>
<td>100%</td>
<td>98%</td>
<td>83%</td>
<td>96%</td>
</tr>
<tr>
<td>Significance Rate</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Table 5: Robustness of Second Stage Estimates

<table>
<thead>
<tr>
<th>Dep. Variable: Formal Business Plan</th>
<th>Exact Replication</th>
<th>Corrigendum</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact with Assistance Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>1.056</td>
<td>0.992</td>
<td>0.579</td>
<td>0.394</td>
<td>0.946</td>
</tr>
<tr>
<td>Robustness Ratio</td>
<td>3.662</td>
<td>3.31</td>
<td>2.292</td>
<td>1.619</td>
<td>3.625</td>
</tr>
<tr>
<td>Sign Stability</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Significance Rate</td>
<td>100%</td>
<td>100%</td>
<td>92%</td>
<td>17%</td>
<td>100%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>0.89</td>
<td>0.886</td>
<td>0.94</td>
<td>0.952</td>
<td>0.684</td>
</tr>
<tr>
<td>Robustness Ratio</td>
<td>2.344</td>
<td>2.357</td>
<td>2.951</td>
<td>2.874</td>
<td>1.945</td>
</tr>
<tr>
<td>Sign Stability</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Significance Rate</td>
<td>97%</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>49%</td>
</tr>
<tr>
<td>Business Classes taken</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>0.624</td>
<td>0.762</td>
<td>0.586</td>
<td>0.392</td>
<td>0.183</td>
</tr>
<tr>
<td>Robustness Ratio</td>
<td>1.898</td>
<td>2.366</td>
<td>2.172</td>
<td>1.628</td>
<td>0.583</td>
</tr>
<tr>
<td>Sign Stability</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>87%</td>
</tr>
<tr>
<td>Significance Rate</td>
<td>53%</td>
<td>89%</td>
<td>78%</td>
<td>13%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Table 6: Matching Estimators and Formal Planning Effect on Survival

<table>
<thead>
<tr>
<th>Survival</th>
<th>Exact Replication</th>
<th>Corrigendum</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propensity Score</td>
<td>0.014</td>
<td>-0.024</td>
<td>0.113*</td>
<td>0.077†</td>
<td>0.100†</td>
</tr>
<tr>
<td>Nearest Neighbor</td>
<td>0.046</td>
<td>0.08</td>
<td>0.117*</td>
<td>0.098†</td>
<td>0.086</td>
</tr>
<tr>
<td>Matching</td>
<td>0.105</td>
<td>0.115†</td>
<td>0.129*</td>
<td>0.109†</td>
<td>0.104</td>
</tr>
<tr>
<td>Radius Matching</td>
<td>0.091</td>
<td>0.101†</td>
<td>0.127*</td>
<td>0.108*</td>
<td>0.095</td>
</tr>
<tr>
<td>Kernel Matching</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† p<.1  
* p<0.05  
** p<.01  
*** p<.001
Table 7: Matching Estimators and Formal Planning Effect on Profitability

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Exact Replication</th>
<th>Corrigendum</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propensity Score</td>
<td>-0.055</td>
<td>-0.185**</td>
<td>-0.038</td>
<td>-0.06</td>
<td>-0.102†</td>
</tr>
<tr>
<td>Nearest Neighbor Matching</td>
<td>0.023</td>
<td>0.057</td>
<td>0.063</td>
<td>-0.013</td>
<td>-0.048</td>
</tr>
<tr>
<td>Radius Matching</td>
<td>0.016</td>
<td>0.049</td>
<td>-0.015</td>
<td>-0.031</td>
<td>-0.082</td>
</tr>
<tr>
<td>Kernel Matching</td>
<td>0.03</td>
<td>0.031</td>
<td>0.003</td>
<td>-0.025</td>
<td>-0.053</td>
</tr>
</tbody>
</table>

† p<.1
* p<0.05
** p<.01
*** p<.001
Figure 1: Modelling distribution H1-H3 across replication studies
Figure 2: Modelling distribution formal planning on performance across replication studies
## Appendix 1
### Table A-1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Honig/Karlsson</th>
<th>Exact Replication</th>
<th>Replication 1</th>
<th>Replication 2</th>
<th>Replication 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survival</td>
<td>1 if the project survived horizon and zero if it was abandoned at any point.</td>
<td>sg14in*;</td>
<td>sa0lyn*</td>
<td>sg14in*;</td>
<td>sg14in*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sg24in*;</td>
<td></td>
<td>sg24in*</td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Profitable at any of the survey interviews (6-, 12-, 18-, or 24-month)</td>
<td>gi21in*;</td>
<td>pp11in18/24;</td>
<td>pp11in18/24;</td>
<td>pp11in18/24;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>pp13in18/24;</td>
<td></td>
<td>pp13in18/24;</td>
<td></td>
</tr>
<tr>
<td>Formal Business Plan</td>
<td>Formally written plans for external use as having completed a business plan</td>
<td>gb03in00</td>
<td>gb03in*</td>
<td>gb03in00</td>
<td>gb03in00</td>
</tr>
<tr>
<td>Contact with Assistance Agency</td>
<td>Dummy of entrepreneurs indicated contact with a business support agency.</td>
<td>cs01in00</td>
<td>cs02in*</td>
<td>cs02in* -</td>
<td>cs01in00</td>
</tr>
<tr>
<td></td>
<td>Dummy variables for industry by service, trading, manufacturing, and</td>
<td></td>
<td></td>
<td>cs08in*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>undeclared</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Nascent entrepreneur had completed a business class.</td>
<td>gu01in00-12</td>
<td>gu01in06</td>
<td>gu01in00</td>
<td>gu01in*</td>
</tr>
<tr>
<td>Years Education</td>
<td>Highest level of education completed; coded into number of years.</td>
<td>be01in00</td>
<td>be01in00</td>
<td>be01in00</td>
<td>be01in00</td>
</tr>
<tr>
<td>Years Experience as Manager</td>
<td>Years of supervisory or managerial experience.</td>
<td>bw12nn00</td>
<td>bw12nn00</td>
<td>bw12nn00</td>
<td>bw12nn00</td>
</tr>
<tr>
<td>Years Work Experience</td>
<td>Total years of full time paid work experience in any field,</td>
<td>tc06in00</td>
<td>tc06in00</td>
<td>tc06in00</td>
<td>tc06in00</td>
</tr>
<tr>
<td>Previous Start-Up Experience</td>
<td>Dummy indicating Individuals who had previously attempted a start-up.</td>
<td>tc07in00</td>
<td>tc07in00</td>
<td>tc07in00</td>
<td>tc07in00</td>
</tr>
<tr>
<td>Parents in Business</td>
<td>Either parent had ever owned a business before.</td>
<td>br03in00</td>
<td>br03in00</td>
<td>br03in00</td>
<td>br03in00</td>
</tr>
<tr>
<td>Encouraged by Friends or Family</td>
<td>Received very strong or strong encouragement from family or friends to</td>
<td>bs05in00</td>
<td>b1bn00</td>
<td>bs05in00</td>
<td>bs05in00</td>
</tr>
<tr>
<td></td>
<td>start a business,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close friends or neighbours in business</td>
<td>Many close friends or neighbors who owned their own businesses.</td>
<td>bs02in00</td>
<td>bs02in00</td>
<td>bs02in00</td>
<td>bs02in00</td>
</tr>
<tr>
<td>Member of a Start-Up team</td>
<td>If and when the nascent entrepreneurs indicated they were a member of a</td>
<td>gt01in00-18</td>
<td>gt01in00</td>
<td>gt01in00</td>
<td>gt01in00</td>
</tr>
<tr>
<td></td>
<td>start-up team.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member of Business Network</td>
<td>Gotten involved in any business networks (list provided). Affirmative</td>
<td>gn01in06-24</td>
<td>gn01in06</td>
<td>gn01in06</td>
<td>gn01in06</td>
</tr>
<tr>
<td></td>
<td>responses.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knew customers before start-up</td>
<td>NO DEFINITION PROVIDED IN TEXT</td>
<td>gi41in06-24</td>
<td>gi61in06</td>
<td>gi41in*</td>
<td>gi41in06</td>
</tr>
<tr>
<td>Age</td>
<td>Age of nascent entrepreneur</td>
<td>sx01nsr</td>
<td>tc12in00</td>
<td>sx01nsr</td>
<td>tc12in00</td>
</tr>
<tr>
<td>Gender</td>
<td>Gender of respondent</td>
<td>sx28iscr</td>
<td>tc11in00</td>
<td>sx28iscr</td>
<td>tc11in00</td>
</tr>
<tr>
<td>Married</td>
<td>Whether or not the entrepreneur is living with a spouse or partner</td>
<td>hg04in00</td>
<td>hg04in00</td>
<td>hg04in00</td>
<td>hg04in00</td>
</tr>
<tr>
<td>Children</td>
<td>Have children living in their home.</td>
<td>hg02nn00</td>
<td>hg02nn00</td>
<td>hg02nn00</td>
<td>hg02nn00</td>
</tr>
</tbody>
</table>

*Denotes all years of interviews
Original question text for variables used in replication studies

Survival:
- sa01yn*: In what year did you give up?
- sg14in*: How would you describe the current status of this start-up effort? Is it now an operating business; still in an active start-up phase; still a start-up, but inactive; no longer being worked on by anybody; or something else? 1 "Operating business", 2 "Active start-up", 3 "Inactive start-up", 4 "Abandoned by all", 5 "Run by someone else", 6 "Other, describe", -1 "Don't know", -9 "Refused", -5 "N/A"
- sg24in*: How would you describe the current status of this start-up effort? Is it now an operating business; still in an active start-up phase; still a start-up, but inactive; resting; no longer being worked on by anybody; or something else? 1 "Operating business", 2 "Active start-up", 3 "Inactive start-up", 4 "Abandoned by all", 5 "Run by someone else", 6 "Other, describe", -1 "Don't know", -9 "Refused", -5 "N/A"

Profitability:
- pp11in18/24: Did your company make a profit or loss previous year of operations? (Operational profit): 0 Breakeven, 1 Profit, 2 Loss, -1 Don't know, -9 Refused, -5 "N/A"
- pp21in24: Did your company make a profit or loss in 1998? (Operational profit): 0 Breakeven, 1 Profit, 2 Loss, -1 Don't know, -9 Refused, -5 "N/A"
- pp31in24: Did your company make a profit or loss in 1997? (Operational profit): 0 Breakeven, 1 Profit, 2 Loss, -1 Don't know, -9 Refused, -5 "N/A"
- pp13in18/24: Do you expect your company to make a profit or a loss this year? (Operational profit): 0 Breakeven, 1 Profit, 2 Loss, -1 Don't know, -9 Refused, -5 "N/A"

Formal Business Plan
- gb03in*: What is the current form of the business plan. Is it unwritten (in your head), informally written, formally prepared, or something else?: 1 "Unwritten (in the head)", 2 "Informally written for internal use", 3 "Formally prepared for external use", 4 "Other", -1 "Don't know", -9 "Refused", -5 "N/A"

Contact with Assistance Agency
- cs02in*: I will now ask you whether you have been in contact with certain organizations during your attempt to start up a company. If you have been in contact, I will also ask you whether you have had great, limited or no use of the contact.
  a) Almi företagspartner (governmental agency for counseling and financing). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
- cs01in00: Many programs to help new businesses get established have been developed. Federal, state, and local governments, universities, and voluntary associations sponsor them. Have you made contact with any such program? 1 Yes, 2 No, 8 Don't know, 9 Refused
- cs02in*-cs08in*: I will now ask you whether you have been in contact with certain organizations during your attempt to start up a company. If you have been in contact, I will also ask you whether you have had great, limited or no use of the contact.
  a) Almi företagspartner (governmental agency for counseling and financing). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  b) Nyföretagarcentrum (Jobs and society). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  c) NUTEKs startlinje (Telephone advice from the national board of technical development). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  d) Arbetsförmedlingen (Unemployment agency). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  e) Kommunal näringslivssekreterare (business advisor at the city/community administration). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  f) Unga företagare (association for young entrepreneurs). (Have you been in touch with them? Have you had great, limited or no use of the contact?)
  g) Support organization at university. (Have you been in touch with them? Have you had great, limited or no use of the contact?)
h) Have you been in contact with any other organization? (Have you been in touch with them? Have you had great, limited or no use of the contact?)

Manufacturing
- sb14in*: Is the company mainly a manufacturing company, a service company or a trading? 1 Manufacturing, 2 Service, 3 Trading, 4 "N/A", 5 Don't know, 6 Refused

Business Classes taken
- gu01in*: Have you taken any classes or workshops on starting a business?

Years Education
- be01in00: What is the highest level of education you have completed so far?

Years Experience as Manager
- bw12nn00: For how many years, if any, did you have managerial, supervisory, or administrative responsibilities?

Years Work Experience
- tc061n00: (Years of work experience - respondent)
- bw11nn00: How many total years of full time, paid work experience in any field have you had?

Previous Start-Up Experience
- tc07n00: (Number of previously started companies - respondent)

Parents in Business
- br03in00: Did your parents ever work for themselves or run their own businesses, alone or together?

Encouraged by Friends or Family
- b1bn00: Young people are encouraged to be independent and start their own businesses? 1 Completely disagree, 2 Somewhat disagree, 3 Neither agree nor disagree, 4 Somewhat agree, 5 Completely agree
- bs05in00: How would you describe the encouragement you received from family, relatives or other close friends, would you consider it very weak, weak, neither weak nor strong, strong, or very strong? 1 Much, 2 Rather much, 3 A little, 4 No

Close friends or neighbors in business
- bs02in00: Among close friends and neighbors, did most, some, a few or none own their own business? 1 MOST, 2 SOME, 3 A FEW, 4 NONE

Member of a Start-Up team
- gt01in00: Have you organized or helped to organize a start-up team?

Member of Business Network
- gn01in*: In order to help get this business going, have you gotten involved in any business networks, such as a trade association, chamber of commerce, or service club like the Lions or Rotary?

Knew customers before start-up
- gi61n06: Do you know who will be your first customer(s)?
- gi41in*: How did you get in touch with your first customers, did you know them before the start of the company, have you reached them through traditional marketing or in any other way? 1 "Knew them before start-up", 2 "Marketing", 4 “Other”

Age
- tc121n00: (Year of birth - respondent)
- sx01nscr: What year were you born?

Gender
- tc111n00: (Gender - respondent)
- sx28iscr: Gender

Married
- hg04in00: How would you describe your current marital status or living arrangement? 1 Single, 2 Living with a partner or married
Children
   - hg02nn00 How many persons live in your household, including both children and adults? How many of these are children?
Discrepancies between H&K dataset and Curated Swedish PSED file

Survival:
- Coded as not having survived in H&K, actual outcome in parentheses
  - ID 30006 (run by someone else)
  - ID 30375 (active start-up)
  - ID 30385 (operating business)
- Coded as having survived in H&K, actual outcome in parentheses
  - ID 40531, 40554, 40558, 40582, 60095, 60213 (abandoned by all)

Manufacturing
- ID 30025 is coded as manufacturing though it indicates trading
- ID 40336 coded as zero, though it first indicates manufacturing and in month 24 changes to trading, same for ID 40562 and ID 50174 that indicates manufacturing first and in month 24 services.
- ID 6021 and ID 70507 changes from manufacturing to trading in month 18.
- ID 40419 and ID 70515 is coded as zero, though they indicate manufacturing in month 12.
- Entry IDs 40590/60095/60116 coded as one, though they do not indicate an industry at all

Business Classes taken
- ID 40356 40493 60095 60239 coded as one in H&K, though to indication of class taken
- ID 40554 coded as zero, though class taken in month 6
- ID 50175 coded as zero, though class taken in month 12.
- ID 30020 coded as zero, though class taken in month 18.

Years Education
- be01in00: What is the highest level of education you have completed so far?
  - ID 30018 indicates grundskola in be01in00, but is coded as 15 years of education in H&K.

Years Work Experience
- ID 30018 indicates 23 years of work experience in bw11nn00 but only 3 years in H&K.

Parents in Business
- ID 40531 is coded as zero in H&K but indicates parents that owned a business.

Member of a Start-Up team
- ID 30052 reports no other owners in gt01in00 yet is coded as 1 in H&K.

Member of Business Network
- gn01in*: In order to help get this business going, have you gotten involved in any business networks, such as a trade association, chamber of commerce, or service club like the Lions or Rotary?
  - ID 30018 is coded as being in a business network, though the response is missing
  - ID 30038 and 50080 are coded as not being in a network, though they indicate in month 12 being in a network.
  - ID 50175, 50360 and 50361 are coded as not being in a network, though they indicate in month 18 being in a network.
  - ID 40354, 40356, 40531, 40590, 50154 are coded as 1 in H&K, though they never indicate being in a network.

Age
- ID 30018 is coded as 30 in H&K, though he was born in 1958 resulting in an age of 42 based on the calculations employed in H&K
- ID 40531 is coded as 30 in H&K, though it should be 29 to be consistent with other calculations

Gender
- ID 30018 and ID 40531 are coded as 0 in H&K though they indicate female in sx28iscr

Married
- ID 30018 indicates living alone in hg04in00 but is coded as 1 in H&K

Children
- ID 30018 coded as 1 in H&K though there are no children mentioned in hg02nn00