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# Is Business Planning Useful for Entrepreneurs? A Review and Recommendations

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**Abstract:** Whether or not business planning is useful for entrepreneurs is a critical question both academically and practically. While some studies suggest that structured business planning enhances business performance, others argue that it may be unnecessary or even counterproductive in uncertain environments. This lack of consensus creates a gap between academic research and practical application, leaving entrepreneurs without clear guidance on when and how to engage in business planning and what impact it may have. To address this issue, we conducted an integrative literature review on the effectiveness of business planning in entrepreneurship. The results of our review suggest that business planning is generally effective, and we categorize its effects into three aspects: (1) economic effects, such as start-ups' improved sustainability and profitability; (2) external and symbolic effects for stakeholders, including enhanced decision-making for external funding, trust building, vision legitimization, and stakeholder engagement; and (3) internal and psychological effects, such as improved decision-making, cognitive enhancement, and flexibility for entrepreneurs. This article also highlights the gaps in the literature, particularly regarding the relationship between business planning and factors such as time, environmental conditions, feedback loops, entrepreneurial passion, and psychological ownership. To fully leverage the benefits of business planning, we propose six evidence-based recommendations to guide entrepreneurs in effectively utilizing this critical tool.

**Keywords:** business planning; entrepreneur; start-ups; economic effects; external effects; legitimacy; internal effects; psychological effects; decision-making; feedback loop

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## 1. Introduction

Business planning is the process by which entrepreneurs gather and analyze information on business opportunities, assess key challenges, identify risks and strategies, forecast financial conditions, and document these elements in a formal plan. It represents a concerted effort to create new organizations that capitalize on business opportunities (Castrogiovanni, 1996; Delmar & Shane, 2003). While a business plan is the tangible output of this business planning process (Brinckmann et al., 2010; Chwolka & Raith, 2012; Mansoori & Lackéus, 2020), business plans can also be implicit and remain abstract without a written outcome (Brinckmann et al., 2010). The impact of business planning on entrepreneurs has long been a central topic of discussion in the fields of entrepreneurship and strategic management (Brinckmann et al., 2010; Brinckmann & Kim, 2015; Brinckmann et al., 2019; Delmar & Shane, 2003, 2004; Mintzberg, 1994; Shane & Delmar, 2004; Mansoori & Lackéus, 2020; Müller et al., 2023). However, while practitioners primarily perceive business planning as a tool for shaping and commercializing business ideas, the extent to which it contributes to business success remains an open question.

A fundamental issue in prior research is the lack of consensus on when and how business planning is beneficial. Some studies argue that structured business planning enhances firm survival and growth (Delmar & Shane, 2003, 2004), while others suggest it may be unnecessary or even counterproductive in uncertain environments (Gruber, 2007; Karlsson & Honig, 2009; Mansoori & Lackéus, 2020; Shirokova et al., 2020). Additionally, the connection between an entrepreneur's internal state and their planning behavior remains underexplored despite increasing recognition of its importance (Müller et al., 2023). To address these issues, the objective of this study is to assess whether business planning is beneficial for entrepreneurs by conducting an integrative literature review (Cronin & George, 2023; Torraco, 2005). Through this review, we aim to establish a current perspective on its effectiveness and derive evidence-based recommendations to guide entrepreneurs in utilizing business planning effectively. Our review also identifies several unresolved research questions that warrant further investigation.

This literature review makes the following contributions. First, it maps the three primary effects of business planning onto three entrepreneurial phases, offering a structured understanding of when and how business planning is effective or when it may not be. Specifically, we categorize business planning effects as follows: (i) economic effects (e.g., business survival and employment growth), (ii) external and symbolic effects, including stakeholder relationships and access to funding, and (iii) internal and psychological effects (e.g., cognitive and decision-making processes). These are mapped onto three business stages—pre-start-up, start-up, and post-start-up—to provide a clearer framework for evaluating the effectiveness of business planning at different phases of venture development. Second, this study offers evidence-based recommendations for entrepreneurs. Drawing on the existing literature, we propose six practical guidelines to help entrepreneurs engage in business planning strategically, ensuring that they apply them at the right stage and for the right purpose. Finally, our review clarifies the future research directions to further advance our understanding of the role of business planning in entrepreneurship.

## 2. Review Methodology

To conduct a comprehensive and transparent review, a systematic literature search was performed using the Web of Science database. Initially, a keyword search using "entre*" and "business plan*" was conducted without time restrictions, yielding 824 articles, of which 773 were written in English. Next, 107 high-quality articles were selected from the *Academic Journal Guide* (AJG) 2021, provided by the Chartered Association of Business Schools. These articles were published in journals rated 3, 4, or 4 (26 of them published since 2000). The abstracts, keywords, full texts, and references of these articles were reviewed, leading to the identification of 20 key studies that explicitly examined the effects of business planning (2 of which were published after 2000). Further analysis of accessible references from these studies resulted in the inclusion of 4 additional AJG 0, 2 articles from the 107 list, along with other the relevant literature. Special attention was given to the perspective from which each study was written. To enhance the comprehensiveness of the review, Google Scholar, ResearchGate, and EBSCOhost were used as complementary databases. Ultimately, we reviewed 87 articles and three books. The initial literature search was conducted in April 2024, with an additional follow-up search performed in January 2025.

A topic-based search was conducted using "entre*" AND "effectuation*", "lean startup*", or "business model*." This was performed to examine whether business planning has been substituted or integrated into these frameworks and to evaluate the research domains associated with these alternative concepts (Mansoori & Lackéus, 2020). The search was not restricted by time, and journals rated AJG 3, 4, and 4* were analyzed. Titles,

abstracts, and keywords were reviewed, and articles published since 2000 that contained "plan" in the abstract were extracted and examined. This process resulted in 16 articles on" effectuation*", 7 articles on "lean startup*", 36 articles on "business model*"; the insights derived from this analysis were incorporated into our literature review. Since the primary objective of this study is to assess whether business planning is genuinely beneficial for entrepreneurs, studies that primarily positioned business planning as an educational tool for students were systematically excluded. The focus remained on deriving conclusions relevant to entrepreneurial practice rather than education.

## 3. Three Key Effects of Business Planning

Based on the review, we present the three key effects of business planning, but to deepen understanding, it is necessary to first align perspectives on the keywords "business planning" and "business plan." For practitioners, business planning encompasses a wide range of activities, from informal mental exercises to collaborative efforts using cloud-based tools (Duchesneau & Gartner, 1990; Lange et al., 2007), and the planning period and contents can vary from short-term to long-term (Müller et al., 2023). The "business plan," as the output of business planning, may be implicit and abstract or lack formal documentation (Brinckmann et al., 2010; Müller et al., 2023). The primary purpose for practitioners to create a formal business plan is to secure funding (Burke et al., 2010; Mansoori & Lackéus, 2020), as it serves as a crucial tool for conveying investment value to angel investors (Shen et al., 2024).

In academic empirical research, business plans are classified by format into three categories: unformalized or conceptual (in the mind), informally written, and formally written (Honig & Samuelsson, 2021; Liao & Gartner, 2006; Müller et al., 2023; the Panel Study of Entrepreneurial Dynamics (PSED) and PSED II survey items). Alternatively, they are classified by sophistication as (1) structured strategic plans, (2) structured operational plans, (3) intuitive plans, and (4) unstructured plans (Bracker & Pearson, 1986). Some researchers measure the state of business planning by assessing whether preparation for a business plan has begun (PSED and PSED II) or by tracking behaviors that occur during the planning process, such as (1) writing a business plan, (2) collecting secondary data on industry statistics and trends, (3) sharing the plan externally and receiving feedback, and (4) presenting the plan externally to secure funding (Welter et al., 2021).

Given that the content evoked by business planning and business plans is not uniform, we reviewed prior research and categorized the effects of business planning into three key effects: (i) economic effects for business survival; (ii) external and symbolic effects, such as stakeholder relationship-building and external funding acquisition; and (iii) internal and psychological effects on entrepreneurs. The business stages are divided into three categories: pre-start-up, start-up, and post-start-up. There are various frameworks for classifying the business life cycle. However, to bridge the gap between practitioners and researchers, this study proposes a classification based on a review of the existing literature.

We define the pre-startup stage as the preparation phase before launching a service into the market, the startup stage as the period after market entry until the business stabilizes, and the post-startup stage as the phase following business stabilization. When mapped onto Business Life Cycle Models or funding rounds, the pre-startup stage corresponds to the pre-foundation phase or before the seed stage, the startup stage aligns with the foundation phase, including the seed and Series A stages, and the post-startup stage corresponds to the growth and maturity phases, covering Series B and Series C funding rounds.

This framework serves as a valuable reference for practitioners in determining the most effective contexts for engaging in business planning. It also functions as a conceptual tool for consultants and entrepreneurship educators who advocate for business planning. Furthermore, it challenges the critiques presented by Mansoori and Lackéus (2020), who compared business planning with other entrepreneurial approaches such as effectuation, lean startup, and design thinking, highlighting its many shortcomings. Lastly, this study provides a roadmap for business planning researchers to explore future research directions.

### *3.1. Economic Effects on Business Survival*

What economic effects does business planning have on entrepreneurs at different stages of start-ups? The economic effects discussed in this article refer to metrics such as performance, bankruptcy rates, survival rates, employment growth, total revenue, growth rates, and profitability. Table 1 summarizes the prior research that will be explained in the following sections.

**Table 1.** Summary of economic effects by business stage and attributes.

| Business Stage | Attributes | Economic Effects | References |
| --- | --- | --- | --- |
| Pre-Start-up | Planning Existence and Format | Creating any type of business plan improves survival rates regardless of environmental uncertainty.<br>Firms that create a formal plan have a higher likelihood of survival. | Delmar and Shane (2003, 2004); Honig and Karlsson (2004); Liao and Gartner (2006, 2007)<br>Greene and Hopp (2017) |
| | Informal/Unwritten Plans | Pre-startup planning enhances sustainability regardless of financial, competitive, managerial conditions, entrepreneurial growth aspirations, team size, or industry type. | Liao and Gartner (2006, 2007) |
| | Business Plan Sophistication | Correlated with employment growth; weak positive impact on reducing bankruptcy rates. | Burke et al. (2010); Perry (2001) |
| | Information gathering from friends and online sources | Identifying the true potential of an idea at minimal financial cost/Recognizing profitability challenges, and deciding not to start a business | Bennett and Chatterji (2023) |
| Pre-Start-up | Planning Timeframe | Plans completed within 2–3 months enhance survival rates and profitability and plans over 3 months reduce survival rates.<br>Planning 7–12 months before starting a business enhances subsequent business performance. | Hopp and Greene (2018) |
| | Feedback Loop in Plan Execution | Feedback loops and simultaneous execution improve outcomes; rigid adherence to plans risks ignoring critical signals. | Brinckmann et al. (2010); Mintzberg (1994) |
| | Cultural Context | High uncertainty avoidance reduces the effectiveness of planning in performance. | Brinckmann et al. (2010) |

**Table 1.** *Cont.*

| Business Stage | Attributes | Economic Effects | References |
|---|---|---|---|
| Start-up | Plan Sophistication and Growth | Sophisticated plans correlate with higher growth rates; unclear causal link to revenue increases. | Rue and Ibrahim (1998) |
| | Planning Focus | Extensive planning with quality information supports decision-making and reduces liability of newness. | Cooper et al. (1994); Gruber (2007) |
| | Small Firms (<100 employees) | Formal planning reduces the gap between expected and actual performance. | Schwenk and Shrader (1993) |
| | Formal Planning Implementation | Improves decision-making, resource allocation, and growth potential. | Brinckmann et al. (2010); Camillus (1975) |
| Post-Start-up | Plan Execution | Feedback loops and simultaneous execution enhance outcomes; rigid adherence can reduce responsiveness. | Brinckmann et al. (2010); Mintzberg (1994) |
| | Cultural Context | High uncertainty avoidance reduces the effectiveness of planning. | Brinckmann et al. (2010) |
| | Environmental Uncertainty | Planning benefits are independent of environmental uncertainty levels. The interaction role of EO on causation (business planning) and firm performance in crisis scenarios. | Liao and Gartner (2006) Jun et al. (2023) |
| | Entrepreneurial Experience | Limited experience negatively impacts unfamiliar fields but not familiar ones. | Pelz (2019) |
| All | Meta-Analysis Findings | Planning improves firm survival and employment growth, with stronger effects on established firms than start-ups. | Brinckmann et al. (2010); Pelz (2019) |

#### 3.1.1. Effectiveness of Pre-Start-Up Business Planning

Engaging in business planning before starting a business is linked to positive economic outcomes. Burke et al. (2010) examined the effectiveness of pre-start-up business plans, particularly their contribution to employment growth. To answer the question, "In what business contexts and for what types of ventures are business plans most (and least) effective?" Burke et al. (2010) surveyed 422 firms with an average founding age of 4.28 years and an average of 2.88 employees. Of these firms, 36% were incorporated, 56% created business plans before starting, 35% of founders were serial entrepreneurs, and 27% secured bank loans at the time of founding. Firms with business plans experienced higher employment growth than those without plans. Additionally, companies in regions with fewer start-ups were more likely to create business plans, and given the same founding size, firms with plans showed faster employment growth. The study also suggested that entrepreneurs in challenging situations—such as those with prior unemployment or first-time entrepreneurs—derived greater benefits from writing a business plan before launching their business (Burke et al., 2010).

Liao and Gartner (2006) focused on the formats of pre-start-up planning, categorizing plans into mental plans, informally written plans, and formally written plans. They investigated the impact of these formats on the survival rates of start-ups across ten industries. Their findings revealed that creating a plan in any format before starting a business positively influenced survival rates, adding to the existing literature (Delmar & Shane, 2003, 2004;

Honig & Karlsson, 2004). Moreover, they examined the effect of environmental uncertainty on planning and found that the effectiveness of pre-start-up planning was not dependent on the level of environmental uncertainty (Liao & Gartner, 2006).

#### 3.1.2. The Effects of Planning on Performance Are Independent of Firm Size and Age

Formal strategic planning helps bridge the gap between expected and actual performance in small firms with fewer than 100 employees (Schwenk & Shrader, 1993). Similarly, formal business plans enhance performance across large firms with more than 500 employees and small firms with fewer than 500 employees (Miller & Cardinal, 1994). For small firms with fewer than 500 employees, writing a business plan has a weak but positive effect on reducing bankruptcy rates. In this study, the firms had an average age of 11 years and a median employee count of 4; 56% were sole proprietorships, and their average annual revenue was USD 425,000 (Perry, 2001). Business planning also benefits labor-intensive and capital-intensive businesses. Under turbulent environmental conditions, planning becomes highly important because it significantly enhances performance (Miller & Cardinal, 1994).

From a managerial accounting perspective, Pelz (2019) reviewed 67 studies from 25 journals and found that business planning is beneficial for young and small firms. Orser et al. (2000) analyzed 991 firms by employee size (fewer than 5, 5–9, 10–19, and 20 or more) and total revenue (micro-, mini-, small-, and medium-sized enterprises based on two years of financial statements). They found a strong correlation between having a business plan and firm performance, demonstrating that business plans contribute to growth. Among the firms, 36% used business plans, with 49% of growth-oriented firms and 27.8% of declining firms utilizing them. Growth firms were also younger than non-growth firms, showing no direct proportional relationship between firm age and size.

Brinckmann et al. (2010) examined the economic effects (growth rates, profitability, survival rates) of business planning on firms less than eight years old compared to more established firms. Through a meta-analysis of 46 empirical studies, they found that business planning improves performance in small firms, but its effects are more pronounced in established firms than in start-ups. Furthermore, cultural contexts tied to firm location—such as levels of uncertainty avoidance—moderate the performance effects. In countries with high uncertainty avoidance, the positive effects of business planning on performance decrease. The study identified three moderating factors: (1) the firm's developmental stage, (2) the type of business planning conducted, and (3) the cultural context influencing the relationship between planning and performance.

#### 3.1.3. Refining Plans Within Three Months Improves Performance

Does the level of sophistication in business plans influence economic outcomes? Hopp and Greene (2018) analyzed PSED II data in a longitudinal study of early-stage firms (mean firm age 21 months, median 23 months) over five years. They found an inverted U-shaped relationship between the feasibility of new ventures and the time invested in planning. This study focused on the relative time spent on planning rather than the speed of activities per event, revealing that spending more than three months on creating a formal business plan decreases survival rates. Completing a business plan within two months of key events increases the likelihood of early-stage profitability. However, creating a formal business plan does not necessarily benefit firms before an entrepreneurial opportunity emerges or when hiring the first employee (Hopp & Greene, 2018, p. 339).

Rue and Ibrahim (1998) reviewed the relationship between the sophistication of business plans and performance in 253 U.S. firms with teams of 15 or more. They conducted data analysis accounting for factors such as industry and firm age (although descriptive statistics were not provided) and found that firms with sophisticated business plans had

higher growth rates than those without. However, a causal relationship between sales growth and the sophistication of business plans was not clearly established. They equated sophisticated business plans with strategic planning. Brinckmann et al. (2010) demonstrated that simultaneously engaging in planning and execution while refining business plans and processes through feedback loops effectively enhances performance. The creation of formal business plans was shown to facilitate communication with external stakeholders, significantly improving firm performance. Dencker et al. (2009) examined early-stage firms and found that improving knowledge and managerial experience before team formation led to more sophisticated business planning and reduced bankruptcy rates. This underscores the importance of refining plans early in the entrepreneurial process to achieve better outcomes.

### *3.2. External and Symbolic Effects on Stakeholders*

The effects of business planning extend beyond economic outcomes. In this section, we organize the discussion around indirect effects, specifically external and symbolic effects. Existing studies frequently highlight the role of business planning in securing funding and gaining trust from internal and external stakeholders. In this article, we define the external effects of business plans submitted to stakeholders as "the ability of entrepreneurs to secure funding from venture capitalists (VCs) or banks, obtain government grants, and promote trust and partnerships with business collaborators." Meanwhile, the symbolic effects are defined as "the function of business planning and formal business plans as communication tools between entrepreneurs and stakeholders, allowing entrepreneurs to gain legitimacy." Table 2 summarizes the external and symbolic effects of business planning by business stage.

**Table 2.** Summary of external and symbolic effects by business stage and attributes.

| Business Stage | Attributes | External and Symbolic Effects | References |
| --- | --- | --- | --- |
| Pre-Start-up | Stakeholder Communication | Business plans articulate vision, goals, and strategies, fostering trust and improving communication. | Langley (1988); Honig and Samuelsson (2021) |
| | Legitimizing Ventures | Business plans enhance stakeholder trust and legitimacy, providing symbolic effects. | Castrogiovanni (1996); Honig and Karlsson (2004); Karlsson and Honig (2009) |
| | Institutional Pressures | Business plans respond to isomorphic pressures, aligning with institutional and stakeholder expectations. | DiMaggio and Powell (1983); Honig and Karlsson (2004); Karlsson and Honig (2009) |
| | Fundraising | Structured plans are required by investors but play a largely ceremonial role in decision-making. | Karlsson and Honig (2009); Kirsch et al. (2009); Latifi et al. (2023) |
| | Team Size | Larger teams positively influence funding applications but not success rates; small teams struggle in unfamiliar fields. | Brinckmann and Kim (2015); Latifi et al. (2023) |
| | Pitch Alternatives | Tools such as lean start-up methods, pitch decks, and business model canvas may replace formal plans in early-stage fundraising. | Blank (2013); Dushnitsky and Matusik (2019), Latifi et al. (2023) |
| Start-up | Building Partnerships | Business plans facilitate alignment with collaborators such as suppliers and distributors, fostering partnerships. | Brinckmann et al. (2010); Camillus (1975); Langley (1988) |

**Table 2.** *Cont.*

| Business Stage | Attributes | External and Symbolic Effects | References |
| --- | --- | --- | --- |
| Start-up | Fundraising | Formal plans provide evidence of resource acquisition but may intertwine with investors' intuitive evaluations. Categorizing and explicitly presenting their market positioning alongside competitors helps angel investors in their decision-making. | Huang and Pearce (2015); Macmillan and Narasimha (1987) Shen et al. (2024) |
| | Business Plan Sophistication | Sophisticated plans help evaluate business opportunities but do not guarantee funding success. | Gruber (2007); Latifi et al. (2023) |
| Post-Start-up | Stakeholder Alignment | Formalized plans improve stakeholder coordination and reduce ambiguity during venture growth. | Camillus (1975) |
| | Legitimizing Ventures | Business plans reinforce credibility during growth phases, enabling long-term partnerships and trust. | Castrogiovanni (1996); Honig and Karlsson (2004) |

#### 3.2.1. Content and Duration of Plans for Fundraising

Does submitting a sophisticated business plan ensure fundraising success? Entrepreneurs are generally expected to present completed business plans to stakeholders. For instance, more than three-quarters of business angels require business plans before considering investments (Mason & Harrison, p. 112). Structured business plans help stakeholders quickly evaluate the benefits entrepreneurs offer. Business plans are often demanded by investors, internalized by entrepreneurs, and accepted as social norms (Latifi et al., 2023). Isomorphic pressures significantly influence organizations to satisfy stakeholders (DiMaggio & Powell, 1983).

Shen et al. (2024) examined a platform that connects early-stage entrepreneurs and angel investors in China, revealing that angel investors utilize business plans to assess the competitive landscape and evaluate how deeply entrepreneurs understand their own businesses. Their findings suggest that startups can effectively use business plans as a promotional tool for angel investors by clearly categorizing their market positioning within a specific industry (Shen et al., 2024, pp. 5–6). Huang and Pearce (2015) analyzed entrepreneurial pitches and pre-submitted business plans in pitch competitions between 2009 and 2011 through observations and interviews with angel investors. Their findings revealed that formal business plans and investors' intuitive evaluations are intertwined, especially in the early stages, when business plans' reliability is low. At such stages, the interplay between emotions and cognition influences investment decisions.

Kirsch et al. (2009) analyzed 722 funding applications to U.S. venture capital firms and found that the content of business plans did not influence venture capital decision-making. They argued that the primary role of formal business plans is ceremonial and that the benefits of creating such plans are limited. Latifi et al. (2023) demonstrated that entrepreneurs who spent more time creating business plans were more likely to apply for external funding but found no positive correlation between planning time and fundraising success. Larger team sizes positively affected the likelihood of funding applications but did not influence success rates. Interviews with entrepreneurs suggested that detailed financial analyses or business plans are unnecessary for Series A fundraising (Latifi et al., 2023). Macmillan and Narasimha (1987) compared 27 successful and 55 failed business

plans submitted to New York-based venture capital firms over three years. They found that failed plans often included exaggerated or overly conservative financial forecasts.

Even when entrepreneurs perceive creating business plans as a necessary ritual or custom for fundraising (Kirsch et al., 2009; Latifi et al., 2023), they must comply when requested by VCs. Ashamalla et al. (2008) found that 99% of surveyed VCs read or skim business plans. Their study revealed that VCs do not evaluate the accuracy of business forecasts in the plans but instead assess the quality of the management team's thinking and planning capabilities (Ashamalla et al., 2008).

Therefore, entrepreneurs should recognize that spending excessive time on business planning does not guarantee a more sophisticated plan, nor does a sophisticated plan necessarily have a positive impact on investors' decisions. Entrepreneurs should instead prepare to engage effectively in business planning and build meaningful relationships with VCs and angel investors. Alternatives such as the lean start-up methodology, pitch decks, and business model canvases are often considered substitutes for formal business plans (Blank, 2013; Dushnitsky & Matusik, 2019; Latifi et al., 2023).

Although this review synthesizes findings from various empirical studies, it is important to acknowledge these studies' limitations. For example, Orser et al. (2000) did not clearly distinguish between business plans and business planning, nor did they address the concept of time. Kirsch et al. (2009) primarily focused on internet-based businesses, with approximately 90% of their sample comprising such firms. Their study, conducted during the Internet bubble era, lacked detailed information on entrepreneurial stages, venture age, and employee numbers and did not examine the relationship between business planning and time. This focus on internet businesses may have influenced venture capital decisions, in which speed outweighed plan content. Huang and Pearce (2015) sampled early-stage entrepreneurs applying to VCs in Germany, Italy, the UK, and the U.S., suggesting that results may vary by entrepreneurial stage and country. These limitations should be considered in the interpretation of the external effects of business planning on entrepreneurs.

#### 3.2.2. Symbolic Effects of Pre-Start-Up Planning Under High Uncertainty

Pre-startup planning is "the process by which entrepreneurs define their future vision and develop the goals, resources, and procedures necessary to achieve it as they capitalize on opportunities" (Sexton & Bowman-Upton, 1991, p. 118). How does creating a business plan under conditions of extreme uncertainty affect stakeholders and benefit entrepreneurs? Pre-start-up planning provides symbolic benefits by legitimizing new venture proposals and improving communication with potential investors and other funding sources (Castrogiovanni, 1996). Furthermore, environmental uncertainty may act as a significant contingency in moderating the relationship between business planning and firm survival (Gruber, 2007).

What forms of pre-start-up planning are most effective? Liao and Gartner (2006), using the PSED dataset, analyzed a group of firms with an average team size of 1.98 to examine venture sustainability. They found that pre-start-up planning, including "unwritten and informal" business plans in the entrepreneur's mind, was beneficial to new ventures regardless of financial, competitive, or managerial environmental conditions. Entrepreneurial growth ambition (whether the entrepreneur wanted to grow the business as much as possible) and initial team size did not influence venture sustainability. Their study also revealed that venture sustainability was not dependent on industry type. In addition, entrepreneurs who developed a business plan 7 to 12 months before starting their entrepreneurial process had higher performance after starting (Hopp & Greene, 2018).

What impact does formal planning have on stakeholders? Langley (1988) found that formal strategic planning justified the CEO's vision to stakeholders (in this case, government entities), fostered trust and a shared vision, and created a sense of constructive tension necessary for effective command and control. In a study of manufacturing entrepreneurs, Honig and Samuelsson (2021) demonstrated that formal business planning plays a critical role in fundraising activities. From an institutional perspective, Honig and Karlsson (2004) emphasized the role of business planning in responding to external pressures, finding no correlation between business planning and the profitability or survival of new ventures.

Their empirical study, conducted in Sweden over 24 months with four survey rounds and 96 entrepreneurs, revealed that business plan completion was a prerequisite for receiving technical and financial support from the government. Profitability was assessed through self-reported figures, and the creation of formal business plans for external purposes was verified. The results showed that business plans did not have a statistically significant impact on profitability. However, entrepreneurs who had interacted with intermediaries were more likely to create business plans. Additionally, entrepreneurs who received encouragement from friends or family were three times more likely to create formal business plans, whereas those belonging to business networks were twice as likely. These findings suggest that entrepreneurs often produce business plans as a response to isomorphic pressures.

### *3.3. Internal and Psychological Effects on Entrepreneurs*

So far, we have examined the economic and external effects of business planning on entrepreneurs, but what are the internal and psychological effects of business planning on entrepreneurs? In recent years, research focusing on the psychological dimensions of entrepreneurship has seen a resurgence (Frese & Gielnik, 2014). Entrepreneurship is inherently personal (Baum et al., 2007; Rauch & Frese, 2007). Even if an individual identifies a business opportunity and is confident in its success, they may still choose not to pursue entrepreneurship. Conversely, those who do choose the entrepreneurial path are tasked with making key management decisions (McSweeney et al., 2022).

Entrepreneurship can be broadly divided into three stages. These three stages correspond to the business stages categorized in this paper as follows: Stages 1 and 2 align with the Pre-Start-up stage, while Stage 3 corresponds to the Start-up and Post-Start-up stages:

1. The pre-identification or opportunity recognition stage;
2. The development and execution stage, in which resources are gathered to launch the venture;
3. The post-launch stage focusing on growth and expansion (Frese & Gielnik, 2014).

Although the influence of entrepreneurs diminishes as the firm grows and progresses through these stages (Frese & Gielnik, 2014), their decisions remain critical to the company's growth. Therefore, in this section, we categorize the internal and psychological effects that entrepreneurs can derive from engaging in business planning. These effects represent the third major dimension of business planning's impact and provide valuable insights into how planning supports entrepreneurs on a personal level. Table 3 organizes this section's content by business stage.

**Table 3.** Summary of internal and psychological effects by business stage and attributes.

| Business Stage | Attributes | Internal and Psychological Effects | References |
| --- | --- | --- | --- |
| Pre-Start-up | Information Gathering | Collecting information reduces uncertainty, enables better decision-making, and supports better market entry decisions; focus varies by entrepreneurial traits such as past experience and confidence levels. | Bennett and Chatterji (2023); Brinckmann and Kim (2015); Castrogiovanni (1996); Fuller (1996); Liao and Gartner (2006, 2007) |
| | Cognitive Improvement | Enhances cognitive ability, reduces biases, and helps evaluate opportunities effectively. | Brinckmann and Kim (2015); Chwolka and Raith (2012); Gruber (2007) |
| | Learning Process | Gaining an understanding of how to act on a new idea and develop it into a new business.<br>Helps entrepreneurs overcome the liability of newness through learning and adaptation. | Bennett and Chatterji (2023)<br>Cooper et al. (1994); Dimov (2010) |
| Start-up | Goal Setting | Helps entrepreneurs set clear goals, improving focus, motivation, and business progress. | Brinckmann et al. (2010); Brinckmann and Kim (2015); Hopp and Greene (2018) |
| | Shared Vision | Reduces anxiety and stress by facilitating communication of vision to teams and stakeholders. | Ashamalla et al. (2008); Camillus (1975) |
| | Decision-Making Discipline | Encourages timely decisions, reducing procrastination and improving responsiveness.<br>Founder informational diversity boosts idea generation but hinders implementation. | Camillus (1975)<br>Kristinsson et al. (2016) |
| | Emotional Management | Mitigates psychological stress and isolation, improving resilience during the early stages of business. | Sexton and Bowman (1985) |
| Post-Start-up | Team Alignment | Aligns senior management and teams with shared goals, fostering coordination and organizational focus. | Camillus (1975); Sexton and Bowman-Upton (1991) |
| | Confidence Building | Strengthens confidence in managing resources and responding to challenges effectively. | Dimov (2010) |
| All | Goal Setting | Helps people set clear goals, improving focus and motivation. | Locke and Latham (2002) |

#### 3.3.1. Business Planning Begins with Information Gathering

Business planning fundamentally relies on information gathering (Burke et al., 2010; Castrogiovanni, 1996; Delmar & Shane, 2003). Entrepreneurs' primary role is to identify information unknown to others, recognize business opportunities, and exploit them (Allinson et al., 2000). Planning in start-ups often involves a high degree of assumptions due to knowledge gaps and ambiguous signals, which complicates decision-making (Gruber, 2007). For entrepreneurs with limited information, business planning serves as a means to gather high-quality data and reduce uncertainty (Fuller, 1996; Liao & Gartner, 2006). Entrepreneurs who invest substantial time in information gathering enhance their cognitive

abilities and reduce biases, which leads to better decision-making (Gruber, 2007). Effective planning stems from entrepreneurs who dedicate resources to information gathering (Gruber, 2007). By collecting information and creating high-quality business plans, entrepreneurs are better equipped to decide whether to enter the market or pursue alternative ideas (Chwolka & Raith, 2012).

Brinckmann and Kim (2015) found that the focus of information gathering varies depending on the entrepreneur's characteristics. They agreed with scholars emphasizing the importance of individual traits in pursuing business opportunities (Cassar, 2010; Foss et al., 2008; Gavetti & Rivkin, 2007). Through a meta-analysis of 31 studies using Ajzen's theory of planned behavior (Ajzen & Icek, 1991), Brinckmann et al. (2010) revealed no significant relationship between business experience and planning. Entrepreneurs with limited experience tended to invest more effort in familiar fields but less in unfamiliar ones, with information-gathering deficiencies lowering success rates in unaccustomed domains (Cooper et al., 1995). The extent to which aspiring entrepreneurs gather information prior to starting a business varies depending on opportunity costs, prior experiences, and confidence levels. This suggests that the amount of information acquired before market entry may influence their subsequent decision to pursue entrepreneurship (Bennett & Chatterji, 2023, p. 101). In addition, even the same information can provoke very different reactions due to differences in people's psychological schema, which can lead to different ways of discarding and processing, requiring entrepreneurs to escape their own knowledge corridor (Frese & Gielnik, 2023; Marvel et al., 2020). When doing so, it has been shown that feedback from others and exposure to a wide range of information is helpful (Gruber et al., 2013; Marvel et al., 2020). However, some aspiring entrepreneurs conduct minimal searches among friends or online sources due to fear of discovering that their idea lacks future potential. Additionally, some entrepreneurs are unaware of the appropriate next steps to take after coming up with an idea (Bennett & Chatterji, 2023).

Even after entrepreneurs recognize opportunities, business planning enhances their insights, intuition, and confidence in their ventures while increasing awareness of resource management and potential problems. This effect is independent of the entrepreneur's age or sole proprietorship status (Dimov, 2010). Early-stage business planning is critical for entrepreneurs to understand their business mechanisms and facilitate learning (Sexton & Bowman-Upton, 1991). The planning process involves a combination of learning from others and cognitive exploration (Dencker et al., 2009). Analyzing the PSED dataset, Dimov (2010) found that 50.5% of 195 nascent entrepreneurs had completed a business plan, of which 72% were informal or unwritten. Dimov (2010) concluded that business planning serves as a tool for judgment based on comprehensive information and as a learning tool for entrepreneurs, supporting the view of Cooper et al. (1994) that new venture creation is a learning process in which the "liability of newness" is mitigated through information acquisition.

Does this mean entrepreneurs who do not engage in business planning fail to gather information, develop intuition, or recognize opportunities? Allinson et al. (2000) quantitatively demonstrated that entrepreneurs possess a more intuitive cognitive style than non-entrepreneurs. They argued that entrepreneurs do not necessarily require formal business planning to effectively serve intuitively chosen markets (Allinson et al., 2000; Kirzner, 1973). Prominent entrepreneurs, such as Bill Gates and Steve Jobs, started their ventures without creating formal business plans, indicating that such plans are not always a prerequisite for early-stage success (Bhide, 2000; Karlsson & Honig, 2009). However, there is no evidence to discount the value of mental planning activities or the creation of incomplete business plans in these cases.

3.3.2. Benefits of Goal Setting and Drawbacks of Strict Adherence to Plans

Completing a formal business plan before launching a business has been shown to enhance creative activities (Hopp & Greene, 2018). Business planning helps entrepreneurs set major and minor goals and establish specific action steps to achieve those milestones (Brinckmann et al., 2010; Gruber, 2007; Matthews & Scott) and serves as a guide for decision-making in the organization (Baron & Shane, 2008). Sharing formal business plans in the organization improves command, control, and responsiveness and fosters a unified, coordinated effort (Camillus, 1975; Langley, 1988). Formalized planning also prompts entrepreneurs to make decisions within set deadlines, reducing procrastination. Specific and challenging goals have also been shown to determine actions, enhance focus, and increase motivation (Locke & Latham, 2002).

According to Camillus (1975), four of the seven business planning objectives have internal and psychological effects on entrepreneurs: expanding thought, creating a mental framework for senior management, enhancing internal communication, and fostering coordination. Formalizing business planning activities directly improves communication in the organization and indirectly increases internal communication through the execution of planning activities. It ensures that teams, particularly senior management, operate based on shared, clearly defined assumptions, aligning the organization's efforts toward common goals (Camillus, 1975). Entrepreneurs, who often experience anxiety, stress, and isolation (Sexton & Bowman, 1985), benefit from business plans as linguistic tools for sharing their vision with teams and stakeholders, reducing psychological distress (Ashamalla et al., 2008). Systematic goal setting and iterative implementation ensure business progress even if entrepreneurial motivation wanes, making business planning effective beyond a venture's early stages.

However, it is crucial to recognize the risks of misdirected planning and the potential dysfunction of spending excessive time on planning causes (Camillus, 1975). Entrepreneurs who rigidly adhere to their business plans may stifle creativity and become less receptive to signals from the environment or the organization (Camillus, 1975; Karlsson & Honig, 2009; Mintzberg, 1994). Hooshangi and Loewenstein (2018) revealed that entrepreneurs who generate their own business ideas develop a positive self-bias, which can lead to overconfidence, excessive fixation on their ideas, and unbalanced attachment to them (Hooshangi & Loewenstein, 2018). As a result, even when business success is a product of chance, entrepreneurs may attribute it to their planning and execution skills, leading to overconfidence and potentially poor decision-making (Gutierrez et al., 2020; Frese & Gielnik, 2023). Overly ambitious goal-setting can lead to decreased motivation and increased stress (Locke & Latham, 2002).

To mitigate these risks, it is essential to train planners equipped with technical skills to perform formal business planning (Camillus, 1975). Rather than attempting to handle everything independently, entrepreneurs can benefit from repeatedly planning and executing while incorporating objective perspectives. Over the past decade, Sarasvathy's (2001) effectuation theory has gained recognition. This theory advocates for taking action based on available means rather than setting predefined goals or plans. Additionally, the concept of bricolage (Baker & Nelson, 2005) emphasizes leveraging available resources instead of developing long-term strategies, positioning itself as an approach that lies between business planning and effectuation.

Through business planning, entrepreneurs can avoid tunnel vision by keeping various tools in mind while advancing their ventures. However, it has also been observed that some entrepreneurs create business plans but never refer to or update them (Karlsson & Honig, 2009). It is essential to examine how interruptions and resumptions in business

planning impact entrepreneurs psychologically, considering the multifaceted nature of business success

## 4. Recommendations for Effective Business Planning

As outlined in this study, business planning demonstrates economic, external, symbolic, internal, and psychological effects at various stages of entrepreneurship, including the pre-start-up, start-up, and post-start-up phases (Tables 1–3). At the same time, this study also highlights the potential disadvantages of business planning. Entrepreneurs often operate in environments characterized by high uncertainty, limited speed, and scarce resources. To achieve their vision, entrepreneurs must focus on maximizing the three effects of business planning while minimizing its drawbacks. To this end, we present six guiding principles for effective business planning (Table 4).

**Table 4.** Six evidence-based recommendations for effective business planning.

| Recommendations | Implementation Guidelines |
| --- | --- |
| 1. Start business planning before launch and maintain continuity. | • Begin business planning 7–12 months before starting your business, regardless of the industry.<br>• Actively engage in business planning during the first 8 years after founding, regardless of the business size.<br>• Strive to produce a structured and formal business plan wherever possible. |
| 2. Boost confidence and sensitivity through information gathering and cognitive exploration. | • Prioritize information collection and simultaneously maintain flexibility to learn from others.<br>• Never halt your cognitive exploration as an entrepreneur.<br>• Seek opinions from friends and utilize online searches to gain cost-effective insights into your idea's potential.<br>• Actively gather information from unfamiliar domains to ensure balanced business planning.<br>• Even if you lack confidence in an idea, set it aside and keep it as a potential opportunity, as your knowledge and environment may evolve. |
| 3. Treat business planning as a living process that grows with the entrepreneur. | • Keep it flexible and simple; business planning can even happen in your head.<br>• Refine and enhance actions required to achieve your vision, set deadlines, and execute them while staying adaptable.<br>• Ensure continuous and timely decision-making without postponing critical actions. |
| 4. Utilize feedback loops in business planning. | • Complete the refinement of the business planning process within three months.<br>• Treat business planning and execution as a package and actively incorporate feedback loops.<br>• Seek words of encouragement and support from friends, family, and those around you. |
| 5. Use business planning to align the organization and reduce entrepreneurial isolation. | • Use business planning as a communication and coordination tool in the organization.<br>• Clearly communicate the content of business planning to senior managers.<br>• Cultivate and secure individuals with business planning skills in the organization. |
| 6. Prepare business plans that appeal to emotions when raising funds. | • Include positive and inspiring elements in your business plan.<br>• Define your market positioning by categorizing and mapping your business alongside competitors.<br>• Clearly express what you aim to achieve with the funds raised and by when.<br>• To secure grants, carefully and thoroughly complete the official format to build trust. |

### *4.1. Six Recommendations for Effective Business Planning*

#1: Start business planning before launch and maintain continuity

Initiate business planning before starting a business to improve survival rates and employment growth post-launch (Burke et al., 2010). Create formal business plans to enhance creative activities (Hopp & Greene, 2018). Engage in business planning if your company is younger than eight years because younger companies benefit more from its positive effects (Brinckmann et al., 2010). For companies with fewer than 100 employees, business planning helps reduce the gap between projections and performance (Schwenk & Shrader, 1993). Companies with fewer than 500 employees engage in business planning to lower bankruptcy rates. Even in companies with over 500 employees, business planning improves performance regardless of the industry (Miller & Cardinal, 1994).

#2: Boost confidence and sensitivity through information gathering and cognitive exploration

Business planning begins with information gathering. Combine learning from others with cognitive exploration and approach planning with a hunger for improvement (Burke et al., 2010; Castrogiovanni, 1996; Delmar & Shane, 2003; Dencker et al., 2009). Seeking opinions from friends and leveraging online searches not only reduces costs but also increases the likelihood of recognizing the true value of an idea before market entry (Bennett & Chatterji, 2023). Information gathering enhances entrepreneurial cognitive abilities, confidence, resource management, and sensitivity to challenges, helping to reduce biases (Castrogiovanni, 1996; Dimov, 2010; Gruber, 2007).

Information gathering reflects entrepreneurial traits. Strive for balanced business planning by actively seeking information from unfamiliar fields, ensuring a well-rounded approach (Bennett & Chatterji, 2023; Cooper et al., 1995; Fuller, 1996; Gruber et al., 2013; Liao & Gartner, 2006, p. 26; Marvel et al., 2020). Even if you lack confidence in your idea, do not discard it immediately. Instead, set it aside and keep it as a potential opportunity for the future, as your information-gathering tendencies and surrounding environment may change over time.

#3: Business planning is a living process that grows with the entrepreneur

Business planning is a tool for organizing thoughts to achieve an entrepreneur's vision. It does not need to adhere to formalities—it can be performed in your head, written as notes, recorded with cloud-based tools, or presented as formal documentation (Brinckmann et al., 2010; Duchesneau & Gartner, 1990; Lange et al., 2007; Liao & Gartner, 2006). Continuously organize what needs to be done and by when, repeatedly make decisions to avoid procrastination, and ensure steady progress (Baron & Shane, 2008; Brinckmann et al., 2010; Gruber, 2007; Matthews & Scott). In dynamic environments, the impact of business planning has neither positive nor negative outcomes (Karlsson & Honig, 2009). It is essential to understand that milestones are bound to change, and therefore, one must remain calm yet bold in assessing the situation.

#4: Utilize feedback loops in business planning

Refine your business plan within three months to improve growth rates and new ventures' feasibility (Hopp & Greene, 2018; Rue & Ibrahim, 1998). Combine planning with execution and leverage feedback loops to enhance business performance (Brinckmann et al., 2010; Gruber et al., 2013; Marvel et al., 2020). If you lose motivation in progressing your business plan, seek encouragement from friends, family, or members of your business network (Honig & Karlsson, 2004, p. 38).

#5: Use business planning to align the organization and reduce entrepreneurial isolation

Anxiety, stress, and isolation often stem from interpersonal challenges. Use business planning to expand your thinking and as a communication and coordination tool in your organization (Ashamalla et al., 2008; Camillus, 1975; Sexton & Bowman, 1985). Senior man-

agers, in particular, work better when they have a clear understanding of the entrepreneur's vision, which can be communicated concretely through business planning (Camillus, 1975). Conducting business planning alone can reduce entrepreneurial creativity and result in missed organizational signals (Camillus, 1975; Karlsson & Honig, 2009; Mintzberg, 1994). Moreover, if the entrepreneur is either inexperienced in business planning or becomes overly focused on it, the only realistic resource they have—time—can be consumed (Bird & West, 1998). Therefore, hire or train individuals with strong planning skills to collaborate effectively (Camillus, 1975).

#6: Prepare business plans that appeal to emotions when raising funds

Include positive and inspiring elements in your business plan so investors can combine their intuition with cognitive assessments (Huang & Pearce, 2015). Note that the credibility of early-stage entrepreneurs' plans is often low. Submit well-structured business plans to help investors quickly evaluate how they can benefit (Latifi et al., 2023). Avoid baseless optimism or excessively conservative projections because they may cast doubt on the entrepreneur's information-gathering ability and judgment (Macmillan & Narasimha, 1987). Angel investors use business plans to evaluate competition and gauge how well entrepreneurs understand their own businesses. Categorizing your business within a specific industry strengthens its appeal as an investment opportunity (Shen et al., 2024). Clearly articulate how you will utilize the funds raised and what you aim to achieve within a specific timeframe. Use business planning to validate these goals' feasibility. Entrepreneurs seeking government or municipal grants should prepare business plans aligned with official formats. Although such plans may not directly affect profitability, effectively communicating your vision enhances trust and legitimacy (Karlsson & Honig, 2009; Honig & Karlsson, 2004; Honig & Samuelsson, 2021; Langley, 1988).

### *4.2. Final Thoughts for Using Business Planning*

The three effects of business planning vary depending on factors such as the plan's format and sophistication, the company's age and industry, the size of the team, and whether external funding is being sought to some extent. Additionally, it has been suggested that factors such as the entrepreneur's industry experience, educational background, and environmental conditions influence business planning's effectiveness. However, this study has presented practical measures to mitigate the negative aspects of business planning. For start-ups, where speed is crucial, business planning may seem a time-consuming activity. However, as the saying goes, "slow and steady wins the race." In environments filled with uncertainty, start-ups must make the most of the tools at their disposal and take proactive steps to take their next actions. Being unsure of what to do can lead to psychological anxiety and fear for entrepreneurs, potentially causing them to lose sight of their vision. Business planning serves not only as nourishment for an entrepreneur's vision but also as a vital companion in their journey, a point that we emphasize strongly.

## 5. Limitations and Future Directions

Having analyzed business planning and its implications for entrepreneurs, this section concerns this study's limitations and suggests future research directions. Müller et al. (2023) have presented a comprehensive research agenda on entrepreneurial behavior. Building upon their work, we aim to delineate future research directions specifically within the domain of business planning. Despite the extensive body of research on business planning, several critical limitations persist.

First, sample selection presents a fundamental challenge. Studies that focus exclusively on business plans from successful ventures may fail to capture their true value (Chwolka & Raith, 2012, p. 393; Müller et al., 2023). To achieve a more holistic understanding, it is equally imperative to examine failed ventures. Second, business planning is inherently multidimensional (Ramanujam et al., 1986), representing just one component among many entrepreneurial activities. Consequently, quantifying its direct impact on business success or failure remains complex (Perry, 2001, p. 201). Furthermore, static business plans exhibit significant heterogeneity in format, and many exist only as incomplete or conceptual constructs within an entrepreneur's cognition (Brinckmann et al., 2010). This creates substantial challenges for empirical validation (Burke et al., 2010; Liao & Gartner, 2006; Honig & Samuelsson, 2021). Moreover, the relationship between business planning, venture stages, and firm survival remains underexplored. While certain studies have attempted to bridge this gap, they remain limited in number (Brinckmann et al., 2010; Brinckmann et al., 2019; Chwolka & Raith, 2012; Dimov, 2010; Honig & Samuelsson, 2021; Hopp & Greene, 2018; Liao & Gartner, 2006; Pelz, 2019).

A promising avenue for future research involves investigating the dynamic interplay between effectuation and causation in entrepreneurial decision-making. Business planning primarily adheres to the causational approach, yet entrepreneurs must frequently pivot between structured planning and adaptive strategies to navigate uncertain environments effectively (Smolka et al., 2018; Tryba et al., 2023). This is particularly relevant during the early stages of venture formation, where the balance between structured and flexible approaches can significantly influence long-term success. However, assessing the efficacy of business planning in early-stage ventures is methodologically challenging (Dencker et al., 2009), and contingency-based approaches may offer a more viable alternative (Gruber, 2007).

Additionally, future research should investigate how psychological, temporal, environmental, cultural, and diversity-related factors interact within the business planning process, influencing entrepreneurial decision-making and, ultimately, firm performance. Key areas warranting further exploration include how passion and self-efficacy fluctuate throughout business planning (Cardon et al., 2013; Cardon et al., 2009; Hechavarria et al., 2012; Jun et al., 2023; Lex et al., 2022; McSweeney et al., 2022), how feedback loops within business planning shape self-regulation and decision-making (Eller et al., 2022), the role of self-regulatory mechanisms in strategic pivots and market entry (Baumeister, 2014; Baumeister & Vohs, 2007; Baumeister et al., 2007; Lord et al., 2010; Müller et al., 2023), and the impact of psychological ownership on entrepreneurial exits and firm survival (Frese & Gielnik, 2014; Grimes, 2018). Moreover, the role of team diversity in shaping business planning outcomes merits further scrutiny (Jun et al., 2023; Kollmann et al., 2019; Kristinsson et al., 2016; Müller et al., 2023). Finally, understanding how entrepreneurs' motivation for business planning influences firm performance remains an essential research gap (Müller et al., 2023) (see Table 5 for an overview).

Given these complexities, future research should move beyond individual-level analyses to incorporate team dynamics, industry-specific contingencies, and business growth trajectories. Integrating psychological dynamics at both the individual and team levels will offer a more holistic perspective on business planning. Ultimately, business planning functions as a critical mechanism for shaping strategic direction and operational execution, and continued research should aim to refine its role as an indispensable strategic tool for entrepreneurs.

**Table 5.** Future research directions.

| Keywords | Directions | References |
| --- | --- | --- |
| Business Planning in Failed Ventures | Examining business planning in failed ventures to gain a holistic perspective. | Chwolka and Raith (2012); Perry (2001); Müller et al. (2023) |
| Multidimensional Nature of Planning | Exploring the multidimensional nature of business planning and its measurable impact on firm success. | Ramanujam et al. (1986); Brinckmann et al. (2010) |
| Venture Development and Firm Survival | Clarifying the relationship between business planning, venture stages, and firm survival by incorporating the concept of time. | Bird (1988); Brinckmann et al. (2010); Brinckmann et al. (2019); Dimov (2010) |
| Causation vs. Effectuation in Decision-Making | Investigating the dynamic interplay between effectuation and causation in entrepreneurial decision-making. | Smolka et al. (2018); Tryba et al. (2023) |
| Early-Stage Planning and Methodological Challenges | Assessing the methodological challenges in evaluating early-stage business planning effectiveness. | Dencker et al. (2009); Gruber (2007) |
| Psychological and Environmental Factors in Planning | Analyzing the interaction between psychological, temporal, environmental, cultural, and diversity-related factors in business planning. | Baumeister (2014); Baumeister and Vohs (2007); Baumeister et al. (2007); Cardon et al. (2013, 2009); Eller et al. (2022); Frese and Gielnik (2014); Hechavarria et al. (2012); Grimes (2018); Lex et al. (2022); Müller et al. (2023) |
| Team Diversity in Business Planning | Investigating the role of team diversity and its influence on planning processes and outcomes. | Jun et al. (2023); Kollmann et al. (2019); Kristinsson et al. (2016); Müller et al. (2023) |

## 6. Conclusions

To answer whether business planning is useful for entrepreneurs, we conducted an integrative literature review on the effectiveness of business planning in entrepreneurship. We provide evidence-based implementation guidelines for entrepreneurs who are either planning to embark on business planning or struggling to effectively utilize it. The mechanism of effective business planning based on our literature review is summarized in Figure 1.

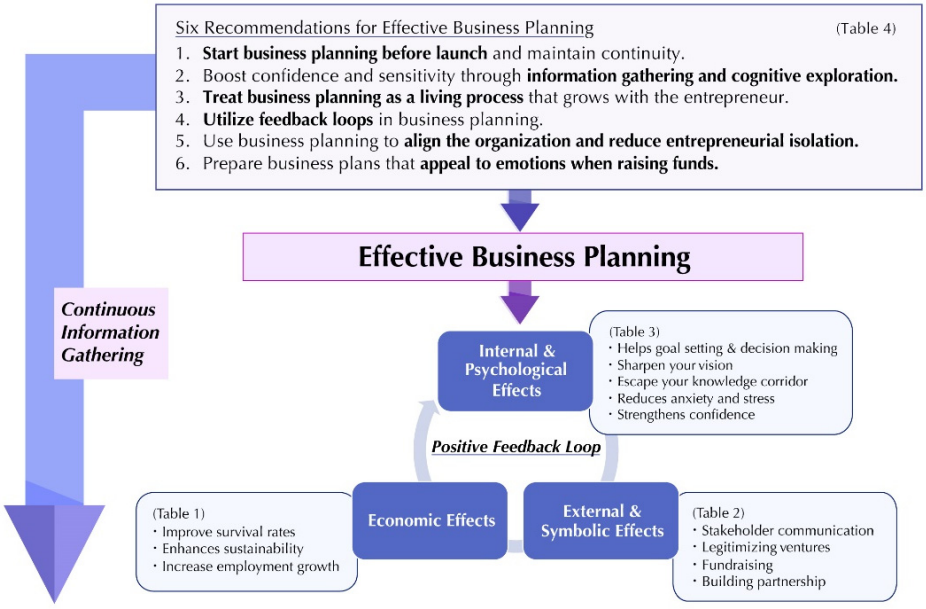



**Figure 1.** The mechanism of effective business planning.

We highlight the need for caution when using business planning and business plans as a common language, ensuring that they are understood in their proper context. Our review also provides educators and entrepreneurial supporters with a more objective understanding of the effects of business planning, facilitating better engagement with entrepreneurs and students. From an academic perspective, this review contributes to the literature by successfully organizing business planning research into a new matrix of three effects by three business stages, thereby presenting a framework that opens up new avenues for future research.

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