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COMPETITIVE ADVANTAGE THROUGH ENTREPRENEURIAL DECISION- BEHAVIOR: EFFECTUATION FOR FAST PROBLEM-SOLVING (SUMMARY)

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≈ SUMMARY ≈

COMPETITIVE ADVANTAGE THROUGH ENTREPRENEURIAL DECISION-BEHAVIOR: EFFECTUATION FOR FAST PROBLEM-SOLVING

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Principal Topic

Research on entrepreneurship has acknowledged the role of employee's decision-behavior for creating competitive advantage through corporate entrepreneurship (Ireland et al., 2009). One source of competitive advantage is problem-solving speed, as it fosters the ability to develop and market innovative products in a timely manner (Atuahene-Gima and Wei, 2011). Problem-solving speed can be defined as the time needed to find, evaluate and implement an adequate solution to a particular problem (Atuahene-Gima and Li, 2004). In uncertain situations, traditional management methods based on causal logic come to their explanatory limits. Effectuation as logic of entrepreneurial decision-behavior delineates principles describing an alternative behavioral approach, focusing rather on control than on prediction (Sarasvathy, 2001). These principles are the starting point of venturing, the attitude towards risk, towards stakeholders and the attitude towards unexpected events. Building decisions on effectual logic in uncertain situations might explain the differences in problem-solving speed and thus uncover a novel source of competitive advantage.

Method

This study is based on a survey which targeted R&D employees from product- and service firms located in Germany. As independent variable, effectuation and causation was measured according to Brettel et al. (2012), whereas problem-solving speed as dependent variable was captured following the operationalization of Atuahene-Gima and Wei (2011). Innovativeness was used as moderator (Daneels and Kleinschmidt, 2001). The analyses are based on hierarchical OLS regression models.

Results and Implications

The results of our study indicate that principles of effectuation and causation influence problem-solving speed primarily with the moderating effect of innovativeness. Regarding the effectual principles, we find a moderated positive effect for partnership-orientation and embrace the unexpected orientation. For the causal principles, we present a moderated negative effect for goal-orientation and competition-orientation. Thereby, particular outcomes of effectuation are presented, which might trigger discussion of effectual outcomes, support the transfer of effectuation research to an intermediate state and help to understand effectuation as source of competitive advantage that can be beneficially applied by employees.

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