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## CURRY IN A HURRY? A LONGITUDINAL STUDY ON THE ACCELERATION OF PERFORMANCE THROUGH EFFECTUATION BY NASCENT ENTREPRENEURS (SUMMARY)

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## SUMMARY

### **CURRY IN A HURRY? A LONGITUDINAL STUDY ON THE ACCELERATION OF PERFORMANCE THROUGH EFFECTUATION BY NASCENT ENTREPRENEURS**

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#### **Principal Topic**

“Curry in a Hurry” is the name of the imaginary Indian restaurant introduced by Sarasvathy (2001) to illustrate the concept of effectuation. Since then, empirical evidence on effectuation is growing. After examinations in various industry contexts – radio frequency (Sarasvathy and Dew, 2002) and private equity (Wiltbank, Read, Dew, and Sarasvathy, 2009) – protocol analyses have shown that expert entrepreneurs use these heuristics more often than MBA graduates (Read, Dew, Sarasvathy, Wiltbank, 2009). There is also evidence that effectual logic increases new venture performance (Read, Song, and Smit, 2009). However, it is still unknown whether effectuation is purely the domain of expert entrepreneurs; and whether this logic would help nascent entrepreneurs accelerate their new firm creation. We address this issue by decomposing the total effect of effectuation on new firm creation effect into a two-stage mechanism. First, we develop and test hypotheses about the effect of the four effectual principles on new firm creation. Second, we examine whether these effects are mediated by the two dynamic cycles of expanding means and converging goals in motion.

#### **Method**

We utilize Panel Study of Entrepreneurial Dynamics II (PSED2) data of 736 nascent entrepreneurs to understand the dynamics between key principles of effectuation and the progress of the start-up through two common measures of entrepreneurial success. To test the relationships we used Cox regression analysis, assuming that at some point in time all nascent entrepreneurs will either choose to start or abandon the start-up process.

#### **Results and Implications**

Our analyses indicate that the time it takes to start (or abandon) a new venture is dependent on the adoption of key effectuation principles during the process. Two of the four principles, means-orientation and partnerships, have a direct effect, whereas affordable loss and leveraging contingencies are indirect. They respectively impact the cycle of expanding resources and the cycle of converging goals and constraints.

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