THE ROLE OF THE LEAN STARTUP METHODOLOGY IN MEDIATING THE EFFECTUATION-PERFORMANCE RELATIONSHIP (INTERACTIVE PAPER)

Simon T. Rübling

RWTH Aachen University, Germany, ruebling@time.rwth-aachen.de

Recommended Citation


This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
THE ROLE OF THE LEAN STARTUP METHODOLOGY IN MEDIATING THE EFFECTUATION-PERFORMANCE RELATIONSHIP

Simon T. Rübling, RWTH Aachen University, Germany

Principal Topic

In recent research several constructs have emerged, which differ from more traditional model of entrepreneurship in how they explain entrepreneurial decision making (Fisher, 2012). The most prominent, the theory of effectuation (Sarasvathy, 2001) describes a “set of heuristics for decision making in uncertain environments” (Read et al., 2009). Contrary to a prediction-based, causal planning approach, effectuators take into account the unpredictability of events due to uncertainty and thus follow a non-predictive, emergent strategy approach (Wiltbank et al., 2006). Even though still under debate, researchers have shown a positive effectuation-performance relationship especially under conditions of high uncertainty (Chandler et al., 2011). However, it remains unclear, how effectuation creates value from uncertainty-resolution activities and how this leads to a performance improvement (Arend et al., 2015). This study fills this gap by showing how effectual behavior of entrepreneurs manifests itself on the firm level in the increased use of the Lean Startup methodology (LSM) (Ries, 2011), thereby creating value from systematically applying a set of principles geared towards reducing business model uncertainty (Blank, 2013).

Method

To examine the research question, a survey is conducted with a large sample of entrepreneurs in Germany. Data collection is currently in progress. Based on the mentioned assumption, that effectuation and LSM are specifically relevant for contexts of high uncertainty, a moderated mediation analysis is conducted, where uncertainty is the moderator and the degree of leanness is the mediator. In doing so, this paper follows the process described by Preacher et al. (2007), who emphasize the importance of modeling mediation effects across different environmental contexts.

Results and Implications

At the current state of analysis, further validation for measuring the degree of leanness of a startup is required for testing the relationship. Once obtained, the study addresses calls for further research in developing effectuation as a theory (Arend et al., 2015) by testing the effectuation performance relationship using moderated mediation. Also, this study is among the first to examine LSM in academic research, thereby paving the road for further research.

The study also offers practical implications, as it aims to show how effectual decision making on an individual level is reflected in applying LSM on a firm level.

CONTACT: Simon Rübling; ruebling@time.rwth-aachen.de; (T): +49-241-809-9396; Innovation and Entrepreneurship Group (WIN), RWTH Aachen University, Kackertstraße 7, 52072 Aachen, Germany.