

## Effectuation

### 1. Definition

Effectuation = Entrepreneurial thinking and acting as a proactive, creative, flexible and yet controlled behavior in the face of uncertainty (Sarasvathy, 2001).



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### 2. Difference from Causation

- **Causation:** Fixed goals → known means lead to predictable outcomes  
(Recipe X = Result Y).
- **Effectuation:** By creatively combining available means → flexible, new outcomes  
(A + B + C = Z).

“Effectuation” as the approach of successful entrepreneurs (Sarasvathy, 2001):

- Start with your means (“Bird-in-Hand”)
- Determine the affordable loss (“Focus on downside”)
- Leverage contingencies (“Lemonade principle”)
- Build partnerships (“Crazy quilt”)



### 3. Core Principles

- Means-oriented rather than goal-oriented: *Start with your means!*
- Focus on resources available today rather than distant goals.

Three categories of personal means:

- **Who am I?** (traits, abilities, values, interests)
- **What do I know?** (education, expertise, experiences, learning processes)
- **Who do I know?** (social & professional networks, internal & external partners)

### References

Sarasvathy, S. D. (2001). *Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency*. *Academy of Management Review*, 26(2), 243–263. <http://dx.doi.org/10.2307/259121>

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