

**THE RELATIONSHIP BETWEEN ENTREPRENEURIAL
BEHAVIOUR AND EFFECTUATION:
THE CASE OF JAPANESE RESTAURANTS IN
FINLAND**

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ABSTRACT

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Title of thesis The relationship between entrepreneurial behaviour and effectuation: The case of Japanese restaurants in Finland	
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Abstract <p>The purpose of this study is to examine the relationships between entrepreneurial behaviour and effectuation in the case of Japanese restaurants in Finland. Thus, research frameworks related to entrepreneurial behavior including entrepreneurial decision-making, opportunity recognition, effectuation theory, and the causation logic are exploited as key factors to investigate how the key processes of entrepreneurial behavior in the Japanese restaurants are related to entrepreneurial effectuation.</p> <p>Entrepreneurship is a wide range of research field which includes a variety of theories and concepts in several different domains. Nowadays those can be actively used even in the different research fields such as education due to its comprehensiveness and versatility. Entrepreneurial behavior, which is one of the core parts of entrepreneurship, explains what the signature behaviors of entrepreneurs and how those affect or are affected by the performances and various resources. Effectuation and causation are contained in this domain and regarded as comparable concepts which explain logics of thinking in the process of entrepreneurial behavior and new venture creation.</p> <p>The qualitative research, which was the in-depth interviews to the Japanese entrepreneurs and the stakeholders, mainly provided four types of discourse that include various notable effectual factors. Based on each discourse, several unique concepts were made by the author in relation to the principles of effectuation as well as the causation logic, namely the concept of action-oriented behaviour, uniqueness and differentiation, connection-minded behaviour, and risk-based behaviour.</p> <p>The findings of this study reveal that a variety of effectual logics are used in several different processes by the Japanese entrepreneurs both consciously and spontaneously. Also, those effectual factors have a huge influence on their entrepreneurial behaviour, especially in the process of opportunity recognition and entrepreneurial decision-making, in many ways. The research concludes that there is a strong relationship between entrepreneurial behaviour and effectuation, while causation-related logics are also used to a small extent at the individual discretion.</p>	
Keywords Entrepreneurial behaviour, Entrepreneurial decision-making, opportunity recognition, Effectuation	
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1 INTRODUCTION

In this chapter, the background of the study and the research perspective will be first presented. It also includes the own research process mainly focusing on how the author became interested in the topic and what kind of value the author found from the main theories and perspectives. After that, the research objectives and the structure will be described in order to show for what aims this research was made as well as how it was designed and conducted. The central concepts and key logics in this research will be also introduced in the section.

1.1 Entrepreneurship and effectuation

As a trendy topic to research, entrepreneurship has been studied in relation to several different research fields and scholars have been attempting to apply the essence to their own fields with the aim of offering new concepts, ideas, and approaches or creating new types of solutions for various challenges. Due to the severity of entrepreneurial tasks, including high levels of uncertainty, time pressure, stress, and emotions, entrepreneurship research has greater possibilities to extend the boundaries of current theories and make contributions not just to business fields but also to other research areas such as psychology (Shepherd, 2011). The more entrepreneurship is studied, the more spotlights entrepreneurs gain as key players who are expected to show unique behaviour and attitudes in the process of their business creation and development. It would also be worth to mention that entrepreneurs are highly valued by the society in a sense that business creation leads to larger dynamism of economies and more employment opportunities (Barba-Sanchez & Atienza-Sahuquillo, 2012).

Among a variety of entrepreneurship research, one notable and intriguing theory is effectuation theory discovered by Sarasvathy in 2001. It is contrasted with causation logic, which is supposed to be used mainly by managers in big companies, and explains the distinguishing features of entrepreneurial behaviour, especially focusing on how successful entrepreneurs recognize opportunities and make decisions in their fast-changing entrepreneurial journeys. When I learned about the effectuation in one of the university lectures, I found it very informative in a way that this theory could provide many hints for future entrepreneurs and even motivate them to take actions. In addition, this theory offers the intelligible five principle of effectuation (Sarasvathy, 2001) that teaches key logics and styles of approaches used by entrepreneurs. Especially, the fact that many successful entrepreneurs are not often research-oriented nor always using theories and frameworks from business textbooks but they focus on learning by doing with available means is somehow ironic but interesting to me.

After understanding the overview of this theory and ideas behind each principle of effectuation, I came to realize that we could also adopt the philosophy of effectuation theory in totally different areas, such as even matters related to careers and dreams, other than business creation and development. That was

a moment when I became fascinated by the versatility of this theory and developed a strong interest in how effectual logics are actually used by entrepreneurs I could approach. Even though a large number of research about effectuation have been conducted by scholars, apparently few of them focused on the cases in the restaurant industry. Plus, targeting Japanese restaurants owned by Japanese entrepreneurs seemed to be meaningful in a way that I was able to contact them with the use of my own network and conduct qualitative research without language barriers. Therefore, the research topic was made by combining the theory I am interested in and the approachable domain.

1.2 The structure and the goal of this research

The purpose of this study is to explore the relationships between entrepreneurial behaviour and effectuation in the case of Japanese restaurants in Finland. More specifically, this study tries to reveal what kind of processes of opportunity recognition and decision-making have been undergone and what logics have been exploited from the perspectives of effectuation or causation during their entrepreneurial journey in Finland. Since effectuation is still a new concept in the history of entrepreneurship research, this study also aims to provide new notions and suggest room for further research in the research field by focusing on this niche research segment.

The structure of this research continues in the following manner. First, key theoretical concepts, theories, and frameworks will be explained by reference to previous literature in the context of entrepreneurship. The literature review introduces the main elements of entrepreneurial behaviour, the five principles of effectuation and the process of effectual logics. Second, research design and methodology is presented. This chapter contains the introduction of the research background, the research question, research method, data collection, and the analytical method. Third, research results and the findings will be shown, which include the stories of each restaurant and the set of discourse mainly focusing on their entrepreneurial behaviour towards strategies, competition, partnership, and investment. Four concepts created by the author based on each discourse is also explained in this chapter. After that, chapter five provides analysis to see what kind of effectual logics and causation logics are found in each key concept. In addition, the relationships between entrepreneurial behaviour and effectual factors in this research case. Finally, the summary and conclusions of the research will be presented along with the implications and suggestions for future research.

As described in the abstract part, the key words of this study include entrepreneurial behaviour, entrepreneurial decision-making, opportunity recognition, and effectuation. Therefore, the research is designed and conducted mainly focusing on these keywords and the research findings are analyzed from the perspectives of those. In other words, the four keywords are the elements that would play significant roles in answering the research questions, which will be shown in the third section.

2 LITERATURE REVIEW

The structure of literature review goes as follow. First, the concept of entrepreneurship is reviewed to clarify the definition and the relationship with other study fields because that term is used in a broad spectrum of research contexts. Second, core domains of entrepreneurial behavior in this study including opportunity recognition, opportunity creation, and entrepreneurial decision-making are introduced. Especially, the causation logic and effectuation theory (Sarasvathy, 2001) are regarded to be key concepts since those two are highly associated with entrepreneurial behaviors such as entrepreneurial decision-making and opportunity recognition. The definitions of each logic are defined rigorously and compared with one another with some interpretations and thoughts. Third, the five principles of effectuation and the process of the effectual logic are addressed circumstantially in a way that effectuation theory is a prime theoretical framework for the research question of this study. Finally, it is followed by the introduction of the other latest research about effectuation even though it is somewhat a new business process in the research of entrepreneurship. Most of those vital words reviewed below can be regarded as qualities owned by the research targets of this study, that is, the owners of Japanese restaurants in Finland.

2.1 Entrepreneurship as a field of science

It is now a common knowledge that entrepreneurship is connected to the various aspects of society as a holistic business discipline in a wide range of situations. Morrison et al. (1998a) mention that entrepreneurship is more holistic than a simple economic process and a combination of explicit and implicit behaviours based on pragmatism and idealism could be found as the outward expression. The intriguing fact is that research in entrepreneurship has taken advantage of other fields of research by borrowing the notable disciplines and applying them, especially from sociology, psychology, and economics (Zahra, 2007), while entrepreneurship research has been spreading its boundaries in multiple forms (Antoncic and Hisrich, 2003). Luca (2017) argues that entrepreneurship has connections with diverse conceptual approaches, from economics to management, sociology, and psychology. For these reasons, entrepreneurship is different from other business disciplines in a way that is comprehensive fundamental concept that can be exploited in many other fields.

By several researchers, entrepreneurship has been regarded as the process of generating value by organizing a unique package of resources with the aim of exploiting various opportunities (Stevenson, Roberts, and Grousbeck 1989; Morris et al., 2002). In that process, several major activities such as to identify an opportunity, define a business concept, assess and acquire resources, and manage the venture are included (Morris et al., 2002). Entrepreneurship plays a vital role in job creations, generation of innovation, and economic and societal development (Frese & Gielnik, 2014; van Praag & Versloot, 2007). In other words, entrepreneurship is able to lead to the creation of new, growth-

oriented firms as well as the strategic renewal of existing firms (Guth and Ginsberg 1990; Pinchot 2000; Morris and Kuratko 2001; Morris et al., 2002). Thus, it could be argued that entrepreneurship is a mindset that can be integrated into many other organizations and it should be valued in various scenes. It can also be regarded as the process of value creation which connects entrepreneur's attitude and skills at microeconomic level, and it indicates the presence of the prevailing conditions within the national framework and of the business environment which promotes innovation increase and efficiency at macroeconomic level (Nițu, 2012).

Antoncic and Hisrich (2003) argue that what differentiates entrepreneurship from non-entrepreneurship is emergence-related behavioral intentions and behaviors. Thus, one could mention that the essence of entrepreneurship is to pursue opportunities which bring changes to society by breaking through the restrictions of the resources. Also, entrepreneurship is especially needed when organizations confront a variety of contingencies including diminishing opportunity streams and rapid changes in technology, consumer needs, social values, and political roles (Stevenson et al., 1989; Morris et al., 2002). Start-ups can be often associated with entrepreneurship since the founders of start-ups are more likely to experience new business creation, but only self-employment or the ownership of SMEs should not be included in entrepreneurship (Casson, 2010).

However, in the field of entrepreneurship that can be interpreted extensively as stated above, one key player would be doubtlessly an entrepreneur. The initiation of the process of entrepreneurship exists in the individual members of society in the majority of cases (Kirkley, 2016). The need of the existence of entrepreneurs has been examined and drawn a parallel to new business creation and innovation in many years of study. Also, entrepreneurs frequently become the target of research to identify how they behave and what kind of logic they tend to follow in the process of their business development since it is obvious that entrepreneurship is inescapably tied to the concept of innovation and new business creation.

The entrepreneurship research has diversified contexts such as economics, the theories of business administration, the science of psychology and the social psychological field. In other words, various different theoretical approaches have been used and developed by relating entrepreneurship to other fields of study. For instance, one of the most notable research from the perspective of economics is economic development theory by Schumpeter, associating entrepreneurship with the connection of creative destruction and innovation (Naude, 2013). His research was later followed by many other researchers including Kirzner who suggested the importance of entrepreneurial alertness (Kirzner, 2009).

When it comes to the theories of entrepreneurship itself, it includes corporate entrepreneurship, social entrepreneurship, family entrepreneurship, entrepreneurial education, and so on. Also, Entrepreneurship is a holistic concept which has three underlying dimensions: innovativeness, calculated risk-taking, and proactiveness (Miller and Friesen 1983; Covin and Slevin 1994; Morris et al. 2002). Morris et al. (2002) argue that innovativeness involves the seeking of creative, unusual, or novel solutions to problems and needs. Calculated risk-taking

refers to the attitude to commit significant resources to opportunities that have a reasonable chance of costly failure, but also creative attempts to mitigate, leverage or share the various risks. Proactiveness is a quality which tries to translate things into reality through whatever means are necessary.

2.2 Entrepreneurial behavior

The word entrepreneurship has been used among researchers as a subsequent process that is unique, dynamic, intermittent, variable and created by the individual's mind (Piasecki, 2001; Ropęga, 2016). Besides, it can also be categorized into several different aspects including function, role, personality, competence, culture, and behavior (Casson, 2010). What stands out in the recent studies is the continual attention toward entrepreneurship research from a behavioural perspective in conjunction with the fact that the individual's behaviour is regarded as a key factor which affects performance of startups. Kirkley (2016) mentions that entrepreneurship is initiated by individuals who enthusiastically try to find unresolved problems or unmet needs in society with the aim of satisfying these demands and providing the solutions. Another point that should not be overlooked, however, is that most entrepreneurs would face with is the harsh conditions in the midst of their entrepreneurial journeys. The entrepreneurial context is often referred from the perspective of peaks and valleys, or by highlighting the characteristics that are high pressure, stress, uncertainty, and ambiguity (Schindehutte, 2006). The fact that entrepreneurs need to deal with volatility and unpredictability would require them to have special types of behaviors and also cultivate those entrepreneurial qualities through uncertain happenings.

The entrepreneurial behavior has been regarded as an agent of economic and social development (Luca, 2017). Thus, many studies have associated entrepreneurial behavior with the positive economic phenomena in the society, as well as the salient qualities of the individuals. For instance, Kirkley (2016) specified four different values that are critical to the motivation of entrepreneurial behavior, that is, independence, creativity, ambition and daring, also mentioning that one can satisfy a variety of different fundamental needs by engaging in entrepreneurship which is one form of self-determined behavior. Besides, according to Moruku (2013), entrepreneurial behavior consists of several different aspects including being proactive, competitive, innovative, risk-taking, and independent. The scholar also suggests another important, which is that entrepreneurial behavior is not orientation-based but action-based. Since successful entrepreneurs tend to link ideas to actions such as why, what and how they do things, a study about entrepreneurial behavior has been put much value among researchers (Iivonen et al., 2011).

Krueger (2007) indicated the significance of values or "deep beliefs" when it comes to entrepreneurial activities such as sense-making, decision-making, and subsequent entrepreneurial behavior. Though values or "deep beliefs" presumed by Krueger cannot be explicitly observed in an individual's entrepreneurial behavior, those can be indirectly identified through their vital constructs, namely, self-determination, self-identity, and self-efficacy, that are

elemental to the expression of entrepreneurial behavior (Kirkley, 2016). A further explanation about the relationship between entrepreneurial behavior and values or deep beliefs are given by Kirkley (2016, p.292) as below.

Entrepreneurial behaviour is founded on a specific set of values (beliefs) and needs which provide the individual with the intrinsic motivation and self-determination to engage in entrepreneurial behaviour. These values also drive the individual towards the acquisition of the requisite knowledge, skills and experience to effectively engage in the entrepreneurship process. Altogether, self-determination, self-efficacy and the entrepreneurial value-set combine to enable the individual to express identifiable entrepreneurial behaviour.

According to a model of entrepreneurial behavior interaction presented by the researcher, a lack of skill or knowledge might result in less confidence to engage in entrepreneurial behaviour. Likewise, disengagement with the entrepreneurial process and withdrawal from entrepreneurial behaviour expression could attribute to a transition to the fundamental value-set, beliefs or needs of the individual.

While entrepreneurial behaviour is one of the main domains in the field of entrepreneurship, several key constructs of entrepreneurial behaviour such as opportunity recognition and entrepreneurial decision-making are also examined as focal factors that are likely to have a great impact on the performance of entrepreneurs. The key parts of the process of new venture creation are the identification and utilization of opportunities or possibilities (Ropega, 2016). Also, those qualities related to entrepreneurial behaviour appears to be developed through experiences in the harsh conditions, although innate capacities also seem to be somewhat influential (Krueger, 2007). In other words, capabilities including opportunity recognition and entrepreneurial decision-making and other principles such as effectual thinking included in the concept of entrepreneurial behaviour can be learned based on actual experiences. Entrepreneurs can be viewed as actors and initiators (Iivonen et al., 2011), and the processes in which those actors and initiators display their abilities would be opportunity recognition and entrepreneurial decision-making and the behavioural feature of successful ones would be able to explained by the set of principles discovered by the recent study.

2.2.1 Opportunity recognition

“The entrepreneurial process begins with an opportunity” (Ropega, 2016, p.143). In the entrepreneurship literature, the word opportunity appears frequently (Kirzner, 1997; Shane & Venkataraman, 2000; Venkataraman, 1997; Hulbert, 2015) because identifying the nature of cognitive differences can be one of the core parts for entrepreneurship research (Grégoire, Corbett, and McMullen, 2011; Shepherd, Williams, and Patzelt, 2015). The significance of opportunity is not only involved in the study of entrepreneurship but also in the process of entrepreneurial behavior. Short (2010) mentions that identifying and seizing

opportunities are essential challenges for an entrepreneur. In other words, opportunity recognition, 'the process by which entrepreneurs seek "something out there" that has potential value' (Ardichvili, Cardozo, & Ray, 2003; Li, 2015), could be regarded as a core competence that should be owned by successful entrepreneurs. Also, some scholars of entrepreneurial cognition define opportunity recognition as a process where messages from an objective reality such as new customer needs are processed (Vandor, 2016).

The importance of the role played by opportunity recognition has also been at the center of attention by researchers. When it comes to new business creation, finding and choosing the right opportunities are the most powerful capabilities of a successful entrepreneur (Stevenson et al., 1985; Ardichvili, 2003). As far as previous studies are concerned, the practice of opportunity recognition functions as the distinctive information, knowledge and social capital owned by the individual entrepreneurs, as well as the uneven distribution of economic resources (Venkataraman, 1997; Ardichvili, 2003). Therefore, one of the key parts of entrepreneurship research is explaining the discovery and development of opportunities (Ardichvili, 2003). Moreover, an opportunity has been seen as happening, as expressed in actions, and as instituted in market structures in the entrepreneurial contexts (Wiklund, 2011).

It can be clearly indicated that researchers link opportunity recognition to a variety of competencies and traits possessed by entrepreneurs. Shane (2000) argues that existing market imperfections are expected to be recognized and exploited by entrepreneurs under the opportunity recognition theory. More specifically, owning competence of opportunity recognition would enable entrepreneurs to discover new opportunities in the market earlier than the competitors do, recognize and estimate the values of specific opportunities more accurately, and obtain entrepreneurial profits by finding the right means-ends relationships (Kirzner, 1997; Shane, 2003). In addition, what is argued in several entrepreneurship studies is that the opportunity-related process has been regarded as an inborn attribute which would lead to entrepreneurial alertness, or special competence to recognize opportunities (Hulbert, 2015), while Krueger (2007) represents that those sort of entrepreneurial abilities can also be leaned. Moreover, creativity, a trait shared by an entrepreneur and the team, can be a base of opportunity recognition although not every good idea metamorphoses into a unique opportunity. (Ropega, 2016).

Entrepreneurial opportunity recognition can be regarded as a subjective process, while the opportunities themselves are objective phenomena that can not be recognized by all parties at all times because those opportunities are usually found in a variety of forms (Schindehutte, 2006). According to Hulbert (2015), research into opportunity recognition focusing on those various forms has either had the process or the behavioural approach. In the process approach, the stages of opportunity development are mainly focused as well as the activities exercised by entrepreneurs. On the other hand, the main focus of the behavioural approach includes factors such as knowledge, alertness, intuition, creativity, and situation which contribute to the entrepreneurial opportunity search (Hulbert, 2015). Besides, competences of entrepreneurial opportunity recognition can be divided into two dimensions, namely profitability recognition and

feasibility (Miao, 2010). It can be mentioned that the argument suggest that successful entrepreneurs tend to excel at seizing opportunities related to feasibility and profitability intuitively, instinctively, or analytically.

Previous research also examined several different viewpoints and qualities that would have a huge impact on opportunity recognition. Li (2015) discusses that opportunity recognition process is generally studied from two different perspectives by researchers. The first perspective stands on the feature analysis model which mainly draws attention to the features of opportunity. The second one is based on the models of pattern recognition, which can also be considered to be a single cognitive framework that contains prototype, exemplar, and schema models (Ács & Audretsch, 2010; Alvarez & Barney, 2007). Also, two qualities, namely **entrepreneurial alertness** and **prior knowledge**, play a significant role in the process of opportunity recognition. **Entrepreneurial alertness** means the capability which enables entrepreneurs to sense extant chances, such as transitions of widely-used technology, market situations, governmental policies, and competition (Dew, Read, Sarasvathy, & Wiltbank, 2009; Tang et al., 2012). On the other hand, **prior knowledge** refers to entrepreneurs' understanding toward or being well-acquainted with the market, industry, technology, and customer demand (Baron, 2006; Hisrich, Langan-Fox, & Grant, 2007; Tang, Kacmar, & Busenitz, 2012). The relationship between those two qualities are discussed by Li (2015) arguing that entrepreneurial alertness leads to the prediction of opportunity recognition significantly and directly, whereas opportunity recognition can be affected by prior knowledge significantly and indirectly through its impact on entrepreneurial alertness.

2.2.2 Creation theory

Entrepreneurial opportunities are waiting to be found by alert individuals who seeks favorable chances in the markets, just like lost luggage in a train station (Shane, 2000; Shane & Venkataraman, 2000). This is one of the general views of opportunity recognition adopted by entrepreneurial scholars. **Those opportunities may exist, however, they might also be created by the actions of entrepreneurs**, that are accentuated in a creation theory of entrepreneurship (Alvarez & Barney, 2007). In other words, **creation theory can be seen to have a different approach to interpret the formation and exploitation of opportunities** than opportunity recognition theory (Shane & Venkataraman, 2000) this is another perspective about how entrepreneurial opportunities are made and performed (Aldrich & Ruef, 2006; Gartner, 1985; Weick, 1979). In creation theory, **an action of entrepreneurs is the key to create opportunities** for the production and the sales of new products or services (Sarasvathy, 2001; Baker & Nelson, 2005) because they cannot fully rely on the entrepreneurial means or the market application (sarasvathy, 2001; Maine, 2015). More specifically, opportunities do not arise until the process of action and reaction are attempted constantly by entrepreneurs with the aim of creating them (Aldrich & Ruef, 2006; Gartner, 1985; Weick, 1979).

The drawback and the advantage have been discussed by the various scholars. Under the assumption of creation theory, entrepreneurs tend to avoid

engaging in entrenched forms and tackles the issues by creating new knowledge (Aldrich & Ruef, 2006). Also, it would make it harder to discover the formation of new industries or markets if the individuals are involved deeply to prior industries or markets (Aldrich & Kenworthy, 1999; March, 1991; Mosakowski, 1997). On the other hand, according to Alvarez et al. (2010), experience in the process of acting, observing, learning, and acting, also known as enactment process, can be highly worthwhile and beneficial. In creation theory, serial entrepreneurs are prone to seek for new opportunities and repeat the opportunity enactment process in several different industries or markets (Alvarez et al., 2010). In addition to that, from the viewpoint of creation theory, entrepreneurs are expected to acquire more and more information and knowledge about the essence and the feature of the opportunity that might be finally created and exploited, as the opportunity enactment process continues (Alvarez & Barney, 2007). Therefore, it could be mentioned that creation theory can be bound up with entrepreneurial decision making, causation, and effectuation in a sense of being a significant element to understand entrepreneurial behavior.

2.2.3 Entrepreneurial decision-making

In addition to several vital processes of entrepreneurial behavior including opportunity recognition and opportunity creation, decision-making would be another significant part which has been focused not only in the entrepreneurship field but also in many research areas. Furthermore, it has been one of the main streams in the research of management and entrepreneurship with a long tradition (Shepherd, 2015) and it could be also seen as an entrenched topic of interest in other areas such as psychology, sociology, and political science (Gilovich & Griffin, 2010; Hastie, 2001).

Entrepreneurial decision making is described as the choices which entrepreneurs make with the aim of taking advantage of entrepreneurial opportunities and the action also contains the traits of traditional decision making such as risk, process, and irreversibility in parallel (Miao, 2010). Casson (2010) argues that the essence of entrepreneurial decision making is the attitude of taking responsibility for difficult or controversial decisions and it usually leads to timely decision-making without procrastination. Those characteristics of entrepreneurial decision making has close links to its extreme context faced by many entrepreneurs, which is high uncertainty, time pressure, emotionally charged, and consequential extremes (Shepherd, 2015). Therefore, entrepreneurship scholars habitually associate the decision context with multiple factors and contingencies that need to be considered simultaneously in the decision process (Fodor et al., 2016).

Decision-making is regarded to be at the center of the entrepreneurial process (Gabrielsson & Politis, 2011) and the key elements of creating business relationships are generally linked to decision-making (Forkmann, 2012). The importance of the roles played by entrepreneurial decision-making has been discussed by scholars through the several studies of entrepreneurship. Gabrielsson and Politis (2011) usefully point out that investigation of entrepreneurial decision-making can lead to a better comprehension of the process whereby in-

dividuals generate economic value by recognizing new venture opportunities and utilizing them. Especially, significant decisions made at early stages of businesses may exercise critical impacts on the entire future success and performance of the new venture (Reuber & Fischer, 1999; Vohora et al., 2004) and most of these decisions can be influential over the long haul (Boeker, 1988). In addition, entrepreneurial decision-making is expected to be expedited on a daily basis for several different actions, such as the development of business ideas, creation or discovery of market niche, adjustment of technical problems, attainment of resources and personnel, and so on (Davidsson and Klofsten, 2003). Furthermore, Shepherd (2015, p.12) showed various examples of key decisions in the entrepreneurial process, namely “opportunity assessment decisions, entrepreneurial entry decisions, decisions about exploiting opportunities, entrepreneurial exit decisions, heuristics and biases in the decision-making context, characteristics of the entrepreneurial decision maker, and the environment as decision context”. One clear fact would be that entrepreneurs are able to develop a sustainable competitive advantage through the process of entrepreneurial decision-making (Wei, 2016), which is as vital as opportunity recognition in the context of entrepreneurial behaviour.

Another major focus among researchers with regard to entrepreneurial decision-making would be the relationship with other factors and how the process of entrepreneurial decision-making has an impact on them or how it could be influenced by them. For instance, opportunity recognition was deemed to be one of the chief factors influencing entrepreneurial decision-making by the previous scholars (Miao, 2010). Also, the probability of failure or undesirable results of decision making can be reduced by the effort of good error management (Frese, 1991; Guo & Zhao, 2010; Wei, 2016). Likewise, Trevelyan (2011) introduces unique observations about how the degree of entrepreneurial decision-making are changed by cognitive factors, describing “while SOR (strategic schemas and self-efficacy in opportunity recognition) contributes greater proactivity to decision making, strong confidence in one's abilities can lead to decision-making shortcuts being taken and less effort required to carry out key tasks” (Fernández-Pérez et al., 2016, p.297). It could be argued that this research domain has a further potentiality in the progression of study relevant to entrepreneurial behaviour.

Due to the fact that entrepreneurs have to make decisions in the limited time in the complex business environment, some scholars incorporate a strategic aspect to decision-making process, that is entrepreneurial strategic decision making (ESDM). ESDM is a process where entrepreneurs select an optimal choice of several available ones under the condition that they only know limited information about the primary potential consequences of each choice for business organizations (Fodor et al., 2016). Generally, these decisions involve key resources and lead to great profits for the organizations (Schwenk, 1995). Considering the innate complexity of ESDM and the necessity of quick decision-making, entrepreneurs frequently end up counting on various heuristics as a way to extract simplified models of the decision situation from their own experience and ensure a timely choice (Fodor et al., 2016). As a matter of fact, entrepreneurs have been often identified as heuristic decision makers by scholars

(Busenitz and Barney, 1997). Also, as compared to other decision-makers, entrepreneurs are more associated with heuristic (fast and frugal) rather than systematic information processing (Baron, 1998; Busenitz and Barney, 1997). These discussions and theories related to entrepreneurial decision-making modes have been studied as a very center of entrepreneurial research. Especially, two opposing decision-making modes, effectuation and causation, have attracted much attention as comparable entrepreneurial behaviours which lead to opportunity creation and recognition (Maine, 2015). Causation and effectuation are two alternative modes of decision-making logic (Gabrielsson & Politis, 2011) and scholars have discussed entrepreneurial decision-making within the sphere of causative (or predictive) thinking and effectuation (Hasliza et al., 2018).

2.2.4 Causation logic

Causation is one of the opposing decision-making logics (Maine, 2015) which belongs to the core part of entrepreneurial behavior. Causation is a proper and general approach which is learned in business schools with the aim of creating successful businesses entirely at a first glance. It features planned strategy approaches, including significant business activities such as opportunity recognition and business plan development (Chandler et al., 2011). In addition, Nielsen and Lassen (2012) illustrate that rational decision-making is assumed possible and desirable through a focus on a pre-determined plan, complete information and resources, and an overview of consequences to a profit-maximizing effect in causation thinking. In other words, every factor in the development process should be planned and organized solidly toward pre-defined concrete goals by employing related business theories or frameworks. Therefore, this seems to be a royal road especially for business students to make a success of start-ups in a certain sense.

It is seemingly considerable to mention that in which situation causation logic should be followed by entrepreneurs because using both causation and effectuation as the situation demands is suggested in the literature. Sarasvathy (2001) indicates that it is more applicable when the future is predictable, and Andersson (2011) also remarks that the processes of causation are more effective in stable environments where the future can be predicted easily. Considering today's business environment which is full of uncertainty and volatility, one could clearly say that causation is highly unlikely to be used by entrepreneurs who have to cope with those situations all the time. Through their research targeting successful entrepreneurs and business managers in large corporations, Read et al. (2009) found out that most managers in big organizations tend to follow causation logic, while entrepreneurs are indeed effectual thinkers for the most part. Indeed, some literature make comparisons of the differences in the process of developing or creating a business.

This approach, causation logic, can have an influence on several key entrepreneurial actions including opportunity recognition and decision-making. For example, in terms of an entrepreneur's assessment of opportunities, causation is a planning-oriented logic (Hasliza et al., 2018). Chandler et al. (2011) mention that entrepreneurs following a causation process try to create new ven-

ture by clearly defining the objectives they want to achieve and methodically searching for entrepreneurial opportunities within developed industries with less uncertainty and volatility.

2.2.5 Effectuation theory

In contrast to causation, effectuation theory, originally developed by Sarasvathy (2001), is accepted as a theory based on the notion that future is highly unpredictable. Effectuation theory represents an alternative to the prevalent causation way of thinking in the research of entrepreneurship, and it is a theory of improvising and change (Nielsen & Lassen, 2012). This theory is mentioned and explained by many researchers due to its intriguing aspect and clarity. According to Chandler et al. (2011), the process of effectuation could be regarded as an emergent strategy which includes a selection of alternatives based on loss affordability, flexibility, and experimentation. Effectuation focuses on the principles of experimentation, affordable loss, as well as using available means at the immediate disposal of the entrepreneur with the aim of achieving the desired goals (Fernández-Pérez et al., 2016). Also, effectuation theory sees the entrepreneurial process as being shaped from the available means which might be linked to a variety of different possible effects. (Nielsen & Lassen, 2012). Andersson (2011) provides a specific definition to effectuation as processes in which entrepreneurs start from a given set of the characteristics such as traits, tastes, and abilities, what they know and who they know instead of being driven towards one goal. One could define effectuation logic as an approach where entrepreneurs start with a set of given means and find new and different goals according to the situation, which is not necessarily pre-determined, and go with the flow and your intuition based on their own experience in accordance with the assumption that the future is largely unpredictable. As seen from the above, effectuation is gradually adopted as a conceptual foundation for research in entrepreneurship (Goel & Karri, 2006).

In the process of entrepreneurial behavior, identity is often perceived as one of the key factors of effectual thinking. Identity is likely to influence the way where entrepreneurs manage their preferences and make decisions in the situation with ambiguity and uncertainty (Sarasvathy & Dew, 2005). Nielsen & Lassen (2012) argues that the individual identity is mostly considered as one of the given pre-conditions or means which triggers the entrepreneurial process in this theory, and it tends to support the entrepreneurs in ordering preferences in the process of their various actions. Nielsen & Lassen (2012) also claims that effectuation theory should be integrated into identity sense-making framework, which illustrates the entrepreneurial identity process as an explorative sense-making process with close relationships between beliefs of identity and entrepreneurial actions. Thus, the process of effectuation logic can be varied at an individual level and hence it leads to a wide range of decisions by entrepreneurs with aim of creating a new market entirely or making innovation happen.

One of the notable research findings by Read et al. (2009) is that successful entrepreneurs are likely to follow effectual logic, whereas most managers in the large organizations tend to use the predictive techniques explained in tradi-

tional marketing textbooks. Through their research, several behavioral characteristics of those effectual entrepreneurs are described in contrast with those managers as stated below. **Firstly**, entrepreneurs often ignore or underweight predictive information in their decision-making processes in the new venture setting but instead they use strategies that enable them to directly control, co-create, and transform situations toward positive consequences. **Secondly**, they are not likely to take much time for market research but follow the motto of “Ready, Fire, Aim” with the idea of the importance of acting quickly, while most business managers devote most of the time analyzing and researching. **Thirdly**, they do not much care about competitors because they focus on creating a new market entirely, but business managers mostly do. Thus, it is clear that there are remarkable differences between causation logic mainly used by business managers and effectuation theory which most of the successful entrepreneurs follow.

While causation is regarded as more effective when the future is possible to predict as Andersson (2011) mentioned, **effectuation is said to be more effective in the volatile environment where the future is largely unpredictable**. Prior literature assumes that causation is linked to opportunity recognition when the entrepreneur identifies risk rather than uncertainty and effectuation to opportunity creation when the future is vastly uncertain. However, such a linear approach towards opportunities only result in limited explanation with respect to how entrepreneurs decide to either create or search for entrepreneurial opportunities (Maine, 2015). On the other hand, some scholars put emphasis on examining by who the effectuation logic is often used. Sarasvathy (2008) claims that positive correlation between entrepreneurial experience and the use of effectual logic can be observed, even though what shapes the use of effectuation among entrepreneurs without prior entrepreneurial experience has not been revealed. In addition, more and more studies show that non-experts, including novice entrepreneurs, tend to rely on effectuation (Brettel et al., 2012; Engel et al., 2014).

As Sarasvathy (2001) remarks that significant progress in the research about the process of causation and effectuation has been made by scholars, the differences in each entrepreneurial setting can be identified and distinguished. For instance, Sarasvathy (2008) uses **a metaphor of a jigsaw puzzle and patchwork quilt** to describe the differences between causation and effectuation. In the causation (**jigsaw puzzle approach**), the task of entrepreneurs includes grasping an existing market opportunity, using resources systematically, and generating a sustainable competitive advantage. This approach is accompanied by a view of seeing the world as one where all of the pieces are there but must be assembled. On the other hand, in the effectuation (**patchwork quilt approach**), entrepreneurs’ task contains experiment and pivot with the aim of developing new opportunity and gaining new information. The patchwork quilter assumes that the world is still in the midst of developing with an important role for human action. Other comparisons of causation logic and effectuation theory from the several different aspects in the process business creation are clearly showed in the Table1 below.

Table1 : Comparison of causation with effectuation. Adapted from Sarasvathy (2001)

	Causation	Effectuation
One should use when...	<ul style="list-style-type: none"> - The future is predictable - The environment is independent from one's activity 	<ul style="list-style-type: none"> - The future is highly unpredictable - The environment is driven by human activity
Goal	Pre-determined clearly	<ul style="list-style-type: none"> - Not necessarily pre-determined - Find new and different goals
Style of approach	<ul style="list-style-type: none"> - Planned strategy approaches - Know exactly where they are going - Follow the predicted techniques in the textbooks 	<ul style="list-style-type: none"> - Improvising and change - Allow whomever one encounters on the journey to shape their business - Go with the flow
What one starts from	A set of given resources	One's own available means
Motto	Ready Aim Fire	Ready Fire Aim
What one tends to believe in	<ul style="list-style-type: none"> - Market research - Market landscape - Information about the product 	<ul style="list-style-type: none"> - One's own experience and intuition - One's personal strength and resources - One's own network
What one more focus on	Competitor	Creating a new market entirely
Drive	Goal-driven	Means-driven
People who mainly follow	Managers in large organizations	Successful entrepreneurs

2.3 The five principles of effectuation

Sarasvathy (2001) differentiated effectuation from causation by presenting five principles which characterize effectual logic. Her research was triggered by the question how entrepreneurs make decisions and take actions constantly as well as if there are any common principles used by entrepreneurs. Growing stream of research focusing on decision-making process of entrepreneurs has shown that experts, also known as highly experienced entrepreneurs, abundantly tend to depend on effectuation when faced by uncertainty (Dew et al., 2009).

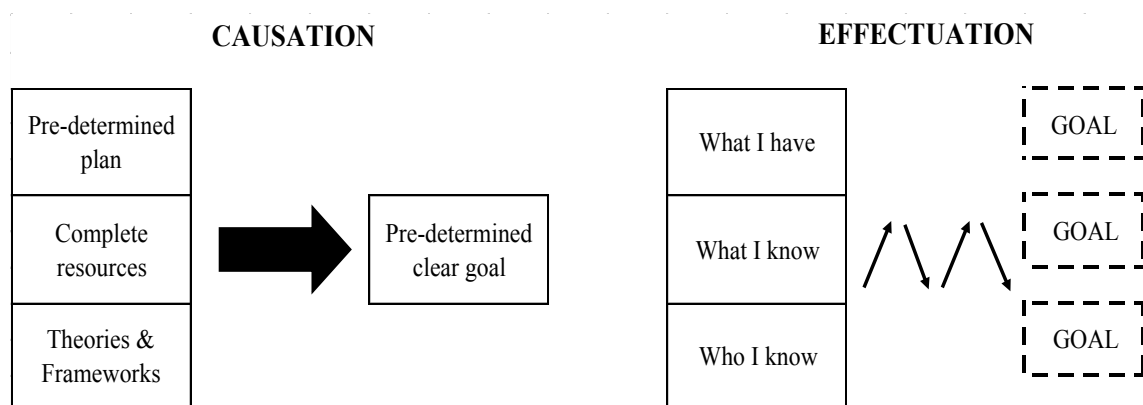
According to Sarasvathy (2008), the five principles which constitute effectual logic are based on the idea that expert entrepreneurs have learned that the most interesting ventures are created in the environment where the future is not only unknown but unknowable. Furthermore, these five principles below can also be regarded as actionable hints provided by Sarasvathy (2001) for individuals who want to succeed as entrepreneurs someday but concern about the lack of resources, money, and partnership. It would be significant to note that these principles were discovered after the conscientious research targeting hundreds of entrepreneurs who have been engaged in multiple ventures, generated and managed ventures for over 15 years, and led at least one enterprise to a success-

ful IPO. Development of this set of five principles seems to indicate a fact that what business school teaches is not always the best answer, especially when the environment is unpredictable and full of market volatility and uncertainty, including market fragmentation, competitive pressures, and new customer tastes (Read et al., 2009).

2.3.1 Bird-in-hand

The first principle suggested by Sarasvathy is *Bird-in-hand*, which implies starting with your means. Under this principle, a fundamental starting point of building a new venture for expert entrepreneurs includes their own means, that is, who I am, what I know, and whom I know and after that, the entrepreneurs think what they can develop from the original means (Sarasvathy, 2001; 2008). Sarasvathy contrasts this principle with pre-set goals or opportunities of causal reasoning, which tries to achieve a goal by assembling means after it is set. While causal reasoning is driven by a pre-determined goal, bird-in-hand is based on action-taking which selects between the effects related to the given means (Maine, 2015). More specifically, entrepreneurs value what they can do and interaction with other people and are more likely to start taking the action immediately beginning by asking who they are, what they know and whom they know (Sarasvathy, 2008; Iivonen, 2011).

Figure 1: *Bird-in-hand* principle (Comparison of causation and effectuation). Adapted from Sarasvathy (2001)



This principle has also been studied by scholars focusing on who tends to use effectual logic and who does not as one of the key factors of entrepreneurial behaviour. Read et al. (2009) found out that corporate executives who succeeded in their chosen field usually use causal reasoning, which mainly involves setting a goal and diligently seeking the best way to achieve it. On the other hand, master entrepreneurs are much more likely to imagine how to use their personal strengths and whatever resources instead of starting out with pre-set concrete goals, which is completely consistent with effectual reasoning. That difference

can be referred as **iron chefs** (master entrepreneurs) who improvise with an assortment of various ingredients in hand based on their experience and imagination and **Swedish chefs** (corporate executives) who cook Swedish meatball in the most efficient, cost-effective method. In general, it seems that the best and reasonable way to create business among most people would be focusing on one clear pre-set goal and search for necessary means, but super entrepreneurs take the opposite way. The first step for these experts is an assessment of the means and it continues to the construction of several brief tentative goals, as illustrated in the diagrams above.

2.3.2 Affordable loss

The second principle, *Affordable loss*, is known as a view focusing on **downside risk and resources** (Maine, 2015). It has the opposite process with causal reasoning which tries to maximize and target expected return, and then strive to minimize associated risk Sarasvathy (2001; 2008). Sarasvathy also argues that **understanding what they can afford to lose** at each step results in limiting risk rather than seeking large all-or-nothing opportunities. More specifically, entrepreneurs following are less likely to reduce the probability of failure, but **they are able to reduce the costs of failure** (Sarasvathy, 2003). Expert entrepreneurs are apt to choose goals and actions without understanding where there is upside even if the downside ends up arising. In other words, "Effectuation predetermines how much loss is affordable and focuses on experimenting with as many strategies as possible" (Sarasvathy, 2001, p252). It is also revealed by the scholar that master entrepreneurs focus on the downside how can they limit the possible loss, while corporate executives focus on upside based on prediction and historical data by using abundant information and resources. Chandler et al. (2011) discuss that *Affordable loss* can be regarded as the main criterion when it comes to start-up's decision making in a sense that experiments that seem to cost more than the entrepreneur can afford to lose can be rejected in favor of affordable experiments. According to those researchers, therefore, following an effectuation approach can be identified as conducting an experiment in which losses are contained and additional resources would be added only as validated by results.

2.3.3 Patchwork quilt

Forming partnerships is an essential attitude toward outsiders. This principle, defined as *Patchwork quilt* by Sarasvathy, is **a set of cooperative strategies through strategic alliances and partnerships** (Maine, 2015). Scholars often evaluate this principle versus competitive strategies because causal reasoning considers competitors as rivals to compete with (Sarasvathy, 2001; 2008). Sarasvathy also explains that **master entrepreneurs establish long-term partnerships with self-selecting stakeholders**, and then they try to mitigate uncertainty and co-create the new market with the help of pre-commitments from these key partners early on in the venture. In other words, a decrease of the uncertainty

associated with the venture and the spread of responsibility to other stakeholders can be a result of making pre-commitments and alliances with customers, suppliers, and other strategic partners. This process of diversifying risk among multiple stakeholders also helps the effectuator make the business more affordable by controlling the potential loss (Chandler et al., 2011).

Expert entrepreneurs do not concern about competitors as much as corporate executives do since they position themselves on the fringe of a market rather than in the thick of it or focus on creating a new market entirely (Read et al., 2009). They also argue that corporate executives are more likely to envisage conventional vendor-customer interactions, whereas expert entrepreneurs see their first customers as their best investors because they have learned the hard way that the best investor is your first real customer, not investors, and their customers are also their best salesman. In addition to that, finding strategies how to beat the competitors in the market where they see themselves as pillars would be one stereotypical strong point of businessmen since these are main subjects taught in business schools. Expert entrepreneurs, however, co-create with stakeholders they trust who are willing to pre-commit themselves instead of fretting about the strategies (Sarasvathy, 2008). Thus, Patchwork quilt principle is based on co-creation with self-selected stakeholders and the idea that entrepreneurs can control the future by building long-term relationships and commitments, in substitution for predicting it (Sarasvathy, 2001).

2.3.4 Lemonade

Effectual logic is action-oriented (Sarasvathy, 2001; 2008) and it can also be characterized by the attitude toward unexpected events, which is a constructive approach that tries to exploit or leverage contingencies (Maine, 2015). In contrast to this principle called *Lemonade* associated with effectuation, causation logic is connected to an orientation that strives to avoid surprises and minimize the probability of unexpected outcomes (Sarasvathy, 2001; 2008). Sarasvathy also observes that expert entrepreneurs are positive about inviting the surprise factors and interpreting them as potential clues to create new markets instead of preparing for hypothetical scenarios to handle worst-case scenarios.

According to Read et al. (2009), while corporate executives know how to get to their clear destinations by following pre-planned steps, entrepreneurs are flexible and open-minded enough to allow whomever they encounter on the entrepreneurial paths, including suppliers, advisers, customers, to shape their businesses. The context of a reason why entrepreneurial behaviour involves the aspect of *Lemonade* is explained by Chandler et al. (2011, p.377) as below.

In new venture creation, entrepreneurs following an effectuation approach might begin the new venture process with general aspirations to create a new venture, but as they make decisions and observe the results of those decisions, they utilize this new information to change course. Because the future is unpredictable, entrepreneurs using an effectuation approach may

try different approaches in the marketplace before settling on a business model.

It could be addressed that expert entrepreneurs learn to leverage contingencies and acquire flexibility during the process of those different approaches. Entrepreneurs following effectual logic maintain the flexibility necessary to relinquish fruitless experiments and move into other chances. Thus, under this principle, flexibility is viewed as one of the advantages that start-ups own over the established firms (Chandler, 2011).

2.3.5 Pilot-in-the-plane

Last but not least, *Pilot-in-the-plane* is the fifth principle which provides the view of future that tries to control an unpredictable future instead of predicting an uncertain future (Maine, 2015). It can be contrasted with the opposite view, causal reasoning, which focuses on inevitable trends and acknowledges the idea that established market forces will cause the future unfold (Sarasvathy, 2001; 2008). Expert entrepreneurs tend to begin with their resources within their control and make adjustments as necessary rather than trying to predict the future (Dew, 2009). Therefore, one could mention that the future does not come from trends and protocol but it is created by decisions and actions by the pilot in the plane. More specifically, entrepreneurs are not likely to believe the future predictable and market research, but instead, they strive to change their initial goals and visions for the new venture with the motto of the motto of "Ready, Fire, Aim" (Dew et al., 2009).

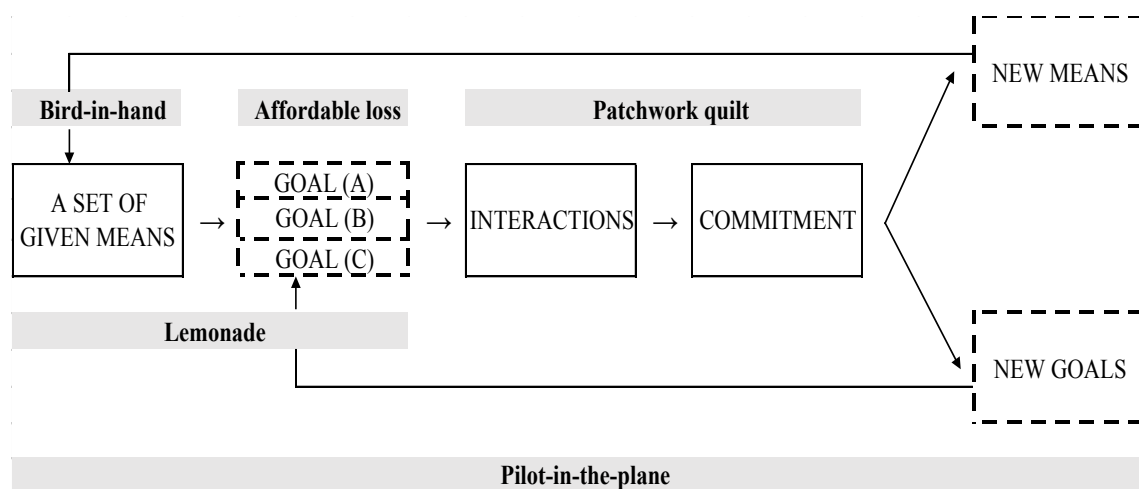
Under an effectual worldview, the future is believed to be neither found nor predicted, but rather made, and therefore expert entrepreneurs focus on activities within their control since they know their actions will lead to the desired outcomes (Sarasvathy, 2001; 2008). Furthermore, successful entrepreneurs excel in incorporating mechanisms into place that allow them to take some control over the outcome (Chandler, 2011). One factor which accelerates the entrepreneurial attitude associated with this *Pilot-in-the-plane* would be knowledge derived from entrepreneurs' firsthand experience because it has a strong impact on the strategic choices made by entrepreneurs (Politis, 2005). The essence of this principle can be described by Sarasvathy (2001, p.6); "To the extent that we can control the future, we do not need to predict it."

2.4 The process of effectual logic

The five principles of effectuation can provide a basic explanation about effectuation process. It features an emergent strategy which involves a selection of alternatives based on flexibility and experimentation (Chandler et al., 2011). Each step in the process of effectual logic is highly related to the fundamental context where entrepreneurial decisions are made. More specifically, a set of heuristics, a problem-solving technique to obtain desired results by using experimental formulation and self-led exploration, contributes to the various

thinking processes including a selection of the available means or tentative goals and how to interact with competitors or stakeholders (Sarasvathy, 2008). Fodor et al. (2016) emphasize that various heuristics play pivotal roles in making the flow of the effectuation process more simple and secure. Therefore, algorithm, which is a contrastive method of heuristics featuring a step-by-step operation that pursues a specific result, is not likely to be found in the process (Sarasvathy, 2008).

Figure 2: The process of effectual logic. Adapted from Sarasvathy (2008)



The cycle of the phases related to the five principles of effectuation as well as the function of each step is explained closely by Sarasvathy (2001; 2003; 2008). **Effectual entrepreneurs start with what they already have** and other available resources in hand. It seems to be common that they start their entrepreneurial journeys with an **eye towards broad destinations** based on their knowledge from firsthand experiences. These two steps involve the aspect of **Lemonade** principle as illustrated in the figure 2, which means that the means they choose and the tentative destinations can be changed by contingencies such as serendipitous associations and unexpected occurrences during the journey. Another key point in this stage is that the destination or the initial goals are generally chosen within the principle of **affordable losses**.

After the first two steps, effectual entrepreneurs put emphasis on interactions with outsiders and commitment of stakeholders with the intention of building partnerships, which would result in reducing uncertainty and creating the new market. **Patchwork quilt** principle is deeply involved with these steps, and hence a key idea here is **gaining cooperators or interesting participants** as main characters of role-playing games who seek for willing comrades.

As a result of the proactive actions, these interactions and commitments can be regarded as sources of **new means and new goals**. Since effectual entrepreneurs are believed to maintain flexibility, **they are willing to take new means**

and set new or clearer goals, rather than cling to the original ones made at the earlier stages of their businesses (Chandler, 2011). In consequence, there is a likelihood that these new means and new goals accelerate the process towards more defined, sellable products or services. Likewise, the new cycles triggered by new means and new goals enable entrepreneurs to obtain renewed interactions and commitments with whom they can co-create. However, it could also be mentioned that taking new means might lead to new constraints.

Though the entire process of effectual logic, *Pilot-in-the-plane* can be exhibited as the underlying principle. Therefore, effectual entrepreneurs are likely to display their strong stance to control the future instead of predicting it in each step. In addition, decision-making based on intuition and an attitude of going with the flow are included throughout the process. Those stances help entrepreneurs work on things they believe are significant and work with whom they want. The logic of control overtops the logic of prediction in several different ways, including keeping investments to the utmost minimum, continual negotiations with key stakeholders or partners, and leveraging contingencies to adapt better means or find new goals.

2.5 Latest research about effectuation

After effectuation theory was discovered by Sarasvathy in 2001, several different researches about the logics and processes related to causation and effectuation have been conducted by scholars. As agreed by many scholars studying entrepreneurship, however, effectuation is still a very new concept in the field of business and entrepreneurship and requires further empirical testing and critical analysis. (Perry et al., 2012). Effectuation is still under the development and more theory-building characteristics should be investigated (Arend et al., 2015). Furthermore, whereas each principle of effectuation is clearly defined by many authors, any scale of how these principles should be examined are not offered by the theory yet (Vorontsova, 2016).

Perry et al. (2012) remark that one notable theoretical model in business studies would be the effectuation-related model of entrepreneurship but it needs to be tested more by researchers. Nowadays researchers are aware of the necessity of further testing in this field as suggested by the previous studies, various researches have been pursued targeting primarily at new ventures. The basic concept of effectuation is simple and comprehensive, and therefore it can be applied or contrasted to other theories as well as methods linked to business creation and business development.

Detailed characteristic traits of effectual logic followed by expert entrepreneurs were explored by Read et al. (2009) through their studies to examine how people approach marketing in the face of uncertainty. They revealed that effectual logic is relational, network oriented, equity driven, and co-creational as well as human-centered and operant resource based. Another finding was that expert entrepreneurs tend to use an effectual or non-predictive logic to handle market uncertainty and volatility and try to co-create new markets entirely with committed stakeholders. The scholars concluded that a practical process to deal with both role and goal ambiguities in value co-creation can be pro-

vided by effectuation and owning the entrepreneurial spirit is one of the most crucial operant resources in society and the economy.

One popular topic of research in recent years is how effectuation or causation is actually used by entrepreneurs in different fields or to see if it is possible to use both these logics. Kaufmann (2013) yielded a notable insight through two case studies focusing on Israel's biotechnology policies and Singapore's biotechnology policies as an example of causal logic. The researcher confirms that a combination of effectuation and causation is necessary, especially when it comes to targeting complex sectors of which a development path is not elucidated yet. In addition, according to a study by Agogué et al. (2015) about how active entrepreneurs in the early-stage technology combine causal and effectual decision-making logics, the combination of two logics is needed to succeed in managing both conventional technological paths and new entrepreneurial developments.

As another distinct notion from Agogué et al. (2015), it is worth to mention that effectual logic can be attributed not only to experience and seniority but also to inherent qualities and methodological learnings. It indicates that the effectual approach can be used among individuals with low entrepreneurial experience and that proposition appears to be intriguing in a way that it somewhat conflicts with the findings from previous studies which claims that effectual decision-making is the peculiar privilege of the master entrepreneurs (Vorontsova, 2016).

One key trend about recent effectuation research is that there has been a transition in research focus from the simple explanatory studies such as ones comparing expert and novice entrepreneurs, new ventures and mature firms or their impact on the venture performance to the interrelationship investigations (Vorontsova, 2016). Behind the trend would be the fact that effectual logic seems to be better suitable for open innovations (Solesvik & Gulbrandsen, 2013). Therefore, effectuation approach needs to be studied and utilized so that it can be a conceptual base to connect a variety of resources in different sectors or industries. Bonazzi & Perruchoud (2014) mention the relationship between entrepreneurial behaviour and LEAN startup approach, which is a popular method of new venture creation of recent date. The researchers state that LEAN startup approach takes a position closer to the point of view of causation approach in a sense that it can be contrasted with the logic of expert entrepreneurs, who begin with available resources and then strive for commitment aiming for an understanding of the fluid market environment.

To sum up, the fundamental concept in this study is entrepreneurial behaviour, whose key parts of the process are opportunity recognition and entrepreneurial decision-making. As explained earlier, this study employs two comparable logics of the entrepreneurial behaviour, effectuation and causation, with the aim of revealing what kind of entrepreneurial behaviour Japanese entrepreneurs who own Japanese restaurants in Finland show. Due to the findings from the earlier literature that entrepreneurs who have to deal with uncertainties in unpredictable environments are more likely to follow the effectuation theory, the main focus of this is effectuation rather than causation. Therefore,

those five principles of effectuation are also key elements of this study for analysing the research results.

3 RESEARCH DESIGN & METHODOLOGY

The aim of this section is to clarify the context and industry, explain the key research questions, and provide the details of the research methodology including the means of data collection and analysis. At first, I will provide the premises and the basic points of research design, such as several key facts about the restaurant industry in Finland and theoretical perspectives that were used for analyzing collected data. Also, the explanation with respect to the research questions of this study will be given. After that, I will describe research method from the perspective of qualitative research by employing central points of qualitative data collection and analysis mentioned in earlier academic literature. The open-end interview questions that I used to ask Japanese restaurant owners will also be shown.

3.1 Research design

In this section, the overview of the surveyed market is first demonstrated, including the statistical data, the description of the focal players in the market, and the main features of the industry in Finland. Also, key theoretical perspectives employed in this research are presented in order to show from which angles the observation and analysis of entrepreneurial behaviours are conducted. After that, the research question is reviewed by relating the main points to the theoretical frameworks.

One point that should be highlighted about this study is that the research theme can be seen as a quite unique one, even though similar research focusing on the restaurant business in Finland was conducted before. Also, it could be mentioned that this research has a niche topic since most studies related to businesses owned by immigrants or ethnic minority have been made in the United States and the United Kingdom, that have several huge cosmopolitan cities with a long history of immigration (McEvoy et al., 2010). In that sense, Finnish restaurant industry focusing on Japanese owners can be a novel research domain, and thus the relationship between the theoretical perspectives and the research questioned needs to be described clearly based on the fundamental comprehension of the market features related to the research theme.

3.1.1 Restaurant industry in Finland

When it comes to designing the research method, it would be significant to understand the market situation and the notable features of the industry. The latest statistics about restaurants in Finland published by the Finnish hospitality association, MaRa, shows saturability of the restaurant businesses as well as the intensity of the market. The data exhibits the continuous increase in the number of restaurant businesses during a period of ten years from 2006 to 2016. Also, in terms of openings and closures of restaurants, the number of openings had exceeded the closures in most of the years during the time period. It could be argued that entrepreneurs in the Finnish restaurant industry have to deal with

ever-increasing competitors in the intense environment and thus, it would be expected that common patterns of entrepreneurial behavior can be found and linked to effectuation or causation.

Through a study of Chinese and Turkish restaurant businesses in Finland, Katila & Wahlbeck (2012) reveals that running a business in Finland can be tough especially for immigrants due to the several factors including intense competition and fewer resources, and it shows the difficulty of succeeding in the restaurant industry in Finland. In general, entrepreneurs are usually forced to seek support from their contacts to acquire all the resources such as information, capital, skills, and labour because having those resources from the beginning is not easy at all (Katila & Wahlbeck, 2012). In addition, the scholars also mention that the demanding process of entrepreneurial activity of ethnic minority entrepreneurs might be based on disadvantages such as racial discrimination, blocked mobility, limited access to finance or limited human capital. Therefore, handling those adversities would be especially essential for immigrants and ethnic minority businesses (Light and Gold, 2000; Sanders and Nee, 1996) and we can see that an operation of a restaurant business in Finland could be an intense journey especially for foreign entrepreneurs.

Figure 3: The number of restaurant businesses in Finland during 2006 – 2016. Retrieved July 3, 2018, from <https://mara.fi/ravintoloiden-maarankehittyminen>

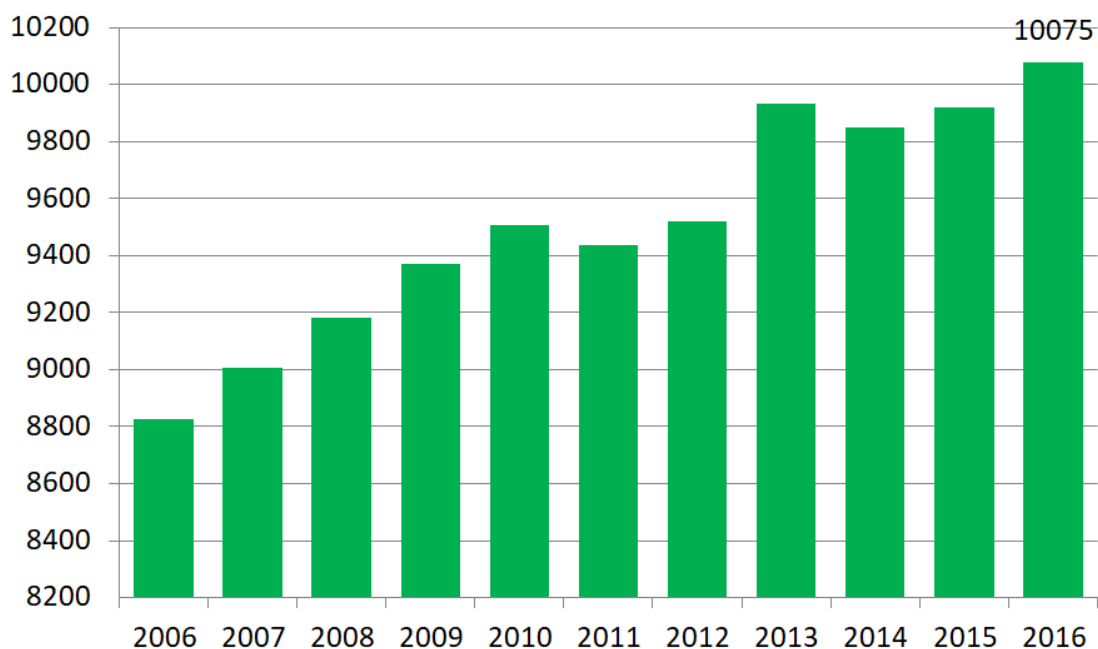
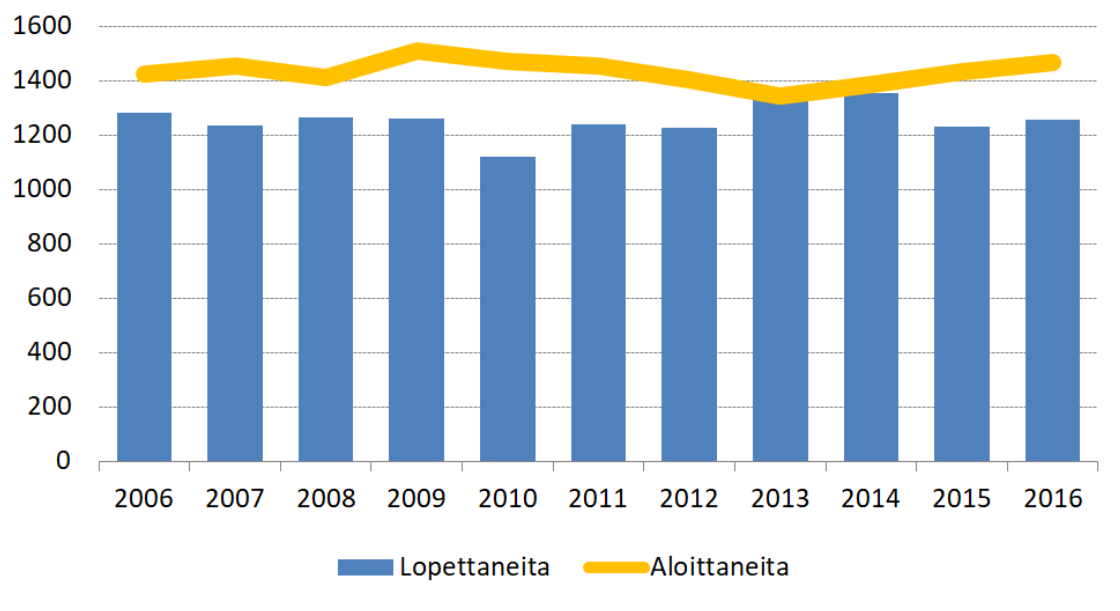


Figure 4: The number of openings and closures of restaurant businesses in Finland during 2006 – 2016. Retrieved July 3, 2018, from <https://mara.fi/ravintoloiden-maaran-kehittyminen>



3.1.2 Theoretical perspectives

In this paper, the theoretical perspectives employed to analyze the data gained through the qualitative research are causation logic and effectuation theory. These two decision-making logics can be commonly applied in entrepreneurial settings and have been developed by many different scholars by distinguishing between the two opposite approaches (Sarasvathy, 2001). Due to the fact that the definition and the characteristic of each logic are described explicitly in the previous literature, connecting these perspectives with the acquired data seems to be a promising way to lead to conclusions and answers to the research questions. More specifically, these theoretical perspectives include the explanations by Sarasvathy (2008), using the contrasting metaphors of a jigsaw puzzle (causation) and a patchwork quilt (effectuation) to grasp the differences between the two logics.

3.1.3 Research questions

Based on the theoretical perspectives mentioned above, data collection and analysis are conducted along the lines with the contents of the two primary research questions.

1. What kind of entrepreneurial behaviors and entrepreneurial decision-making processes can be found in Japanese restaurants in Finland?
2. How those are related to effectuation theory or causation logic?

Therefore, this study intends to find patterns of effectuation, or possibly causation as well over the whole period of the business history of Japanese restaurants' owners. Besides, a question whether there are barriers or favorable conditions for adopting either effectuation or causation is also examined. Especially, it is not easy to recognize the decision-making process expressed by entrepreneurs, on top of the complexity of forecasting and the difficulty of understanding (Miao, 2010). For that reason, the research method including interview questions needed to be carefully designed in order to explore the research questions.

3.2 Research method

As noted above, I aimed to examine how entrepreneurs make decisions and take actions constantly from the perspectives of effectuation and causation as well as to see if there are any common principles used by them. In this section, the key points of the data-gathering process are first described since those are pivotal for this research. Then, the characteristics and the details of the qualitative research, including the interview style and the useful points derived from earlier literature, are illustrated. After that, a way of analyzing data is explained with a main focus on the theoretical perspectives.

3.2.1 Data collection

The subjects of research in this study are Japanese entrepreneurs who own Japanese restaurants in Finland. As mentioned earlier, this research topic has not been studied in the past, thus primary data needed to be collected closely based on the organized interview research including the interview questions and the recordings. In addition, since data collection without fidelity, reliability, and accuracy usually leads to useless and futile research (Elswick et al., 2016), choosing the restaurant owners was also an important process and it had to be done carefully based on the several different criteria as below.

1. Japanese restaurants in Finland whose owners are Japanese
2. The Japanese entrepreneurs who allow me to interview to their family member, co-founder, or regular customer
3. The Japanese entrepreneurs who can accept the face-to-face interview and allow me to record it

Those selection criteria enabled the interview research without a language barrier as well as a deeper understanding and analysis of the content of the interview. There are not many Japanese entrepreneurs who own Japanese restaurants in Finland, so I strived to contact them who could cooperate this research based on information provided by the Japanese embassy in Finland and the Japanese community in Finland. It would also be needful to note that status of being a student facilitated the gain of interview opportunities from the entre-

preneurs. Based on the criteria above, 4 restaurants and 9 interviewees were selected as follows.

Table2: Interviewees for the research

	Interviewees	Location	Year started
Restaurant A	Owner	Helsinki	1986
	Owner's wife		
	Owner's son		
Restaurant B	Owner	Helsinki	2016
	Co-owner		
Restaurant C	Owner	Helsinki	2016
	Business partner		
Restaurant D	Owner	Turku	2004
	Regular customer		

3.2.2 Qualitative research

When it comes to research design, qualitative method plays a vital role in theory building in several different ways (Doz, 2011). In this study, qualitative research was employed in order to find features related to entrepreneurial behavior such as entrepreneurial decision-making and identify how those are linked to the logics of effectuation or causation. Scholars have given the significance of using qualitative research in the previous literature. According to Weick (2007), researchers are able to acquire rich, thick description of real phenomena and action instances from qualitative research and it might lead to deeper thought about the relative topic. Also, with the use of qualitative research, a variety of theoretical lenses can be brought by researchers to explain the phenomenon as well as to compare the nature and extent of the insights provided by these various theories in a systematic manner (Van de Ven, 2007; Doz, 2011). Weick (2007) argues that qualitative research offers opportunities to illustrate and highlight the key elements and relationships in the theory.

The core part of this study, each in-depth interview, was designed in consideration of some of the interview tips provided by Collins, D. (2015) as follows.

- Recording the interview is essential so that you can play back again and critique your interview
- Ask open questions and give enough time for interviewees to think and respond
- It is important to be a good listener (Be non-judgemental, friendly, neutral, professional, inquisitive and patient).
- Do not lead or put words while interviewees are speaking

In addition to these tips, another key point was how to ask questions to the Japanese restaurants' owners because they are not likely to be familiar with effectuation and causation as theories. It is necessary to understand that their verbal expressions do not always reflect descriptions of actual processes, behavior, or mental events as interview talk is a cultural and collective phenomenon by nature (Talja, 1999). Myers (2013) suggests researchers who conduct qualitative research in the business area to focus on significant questions to reveal what is happening, why and how it has happened, and when it happened. Moreover, it is crucial to ensure consistency in the interview questions (Collins, 2015). Therefore, I designed open-end interview questions based on the five principles of effectuation theory.

Table3: Open-end interview questions

<General questions>
<ul style="list-style-type: none"> - Why did you decide to start your business here in Finland? - What kind of difficulties have you faced and how did you overcome those? - Did you make some preparations before you came to Finland? (If yes, What types of them and why?)
<Decision-making>
<ul style="list-style-type: none"> - How do you make decisions? (research & strategy-based, or from your own experience/knowledge and intuition?) - What has influenced your decision making? - What types of resources were needed for the decision making?
<Focusing on 5 principles of effectuation theory>
(Bird-in-hand: Start with your means)
- When you started your restaurant here in Finland, how did you try to start it?
(Affordable loss: Focus on the downside risk)
- Do you limit risk by understanding what you can afford to lose at each step, or do you rather seek all-or-nothing opportunities? → Why? Any examples?
(Lemonade: Leverage contingencies)
- Have you faced some contingencies? How did you find and manage those? Did those affect your decision-making?
(Patchwork quilt: Form partnership)
- How did you form partnership with the stakeholders?
(Pilot-in-the-plane: Control vs Predict)
- When you start something new, do you focus on activities within your control, or do you rather try to predict as much as possible before doing that?
- Could you please give some examples on that kinds of situations?
- Why do you do like that as you explained? What was the outcome, and why?

3.2.3 Means of analysis

One classic approach of qualitative research is known as conversation analysis (Solomon, 1997) or discourse analysis (Frohmann, 1994) and it has been regarded to be explicitly theory-dependent ways of describing, analysing, and interpreting data (Talja, 1999). The essence of this approach was employed in order to analyse data in this study and the informative explanation is provided by

Taija (1999). More specifically, the scholar claims that all the descriptions made by the interviewees should be taken into account and analyzed to identify meaningful patterns of consistency and variation in them, instead of being interpreted as stories having a clear and distinguishable message and meaning, thus “the analysis of interpretative repertoires is like putting together a jigsaw puzzle” (p.466).

On the basis of following these key points of analysis, I attempted to analyze the collected data by employing the five principles of effectuation, namely, bird in hand, affordable loss, crazy quilt, lemonade, and pilot in the plane. The interview questions were designed based on the characteristics of each category, so I was able to see whether the accounts produced by Japanese entrepreneurs during the interviews have links to the effectual logic or causal logic and analyze how those are related each other. It had to be conducted carefully and closely in a sense that those interviewees do not speak about their businesses from the perspectives of effectuation and causation. Therefore, the five principles and the relevant examples provided by earlier literature were useful tools to analyse and interpret the data. In other words, I aimed to determine the elements and key pieces of two opposing decision-making modes that are the foundations of opportunity creation and recognition. Therefore, I focused on checking the features of entrepreneurial behavior owned by the owners of Japanese restaurants from the main points of the five principles which constitute effectual logic as well as the relationships between the significant points and other factors such as business situations in Finland or status as immigrants.

4 RESEARCH FINDINGS

The purpose of this section is to present the results and the findings from the qualitative research which focused on deriving key factors to see how the decision-making process of the entrepreneurs are related to effectuation or causation. More specifically, all the unique stories and ideas behind each entrepreneur (restaurant owner) and the stakeholders such as family members or business partners will be clearly shown in this section. After that, results from each in-depth interview will be compared with the aim of identifying the distinctive similarities or the differences. Also, several unique concepts coined by the author will be used to characterize various decisive factors or features and compare each other.

4.1 Results

Nine interviewees from four restaurants in Finland provided a set of discourse from their own experiences, knowledge, philosophy, and perspectives along the lines of the interview questions. All of them were not told from the viewpoint of the concepts of the effectual logic and causal logic at all but many factors related to the entrepreneurial decision-making can be found in each story as shown in the following parts.

4.1.1 Restaurant A

Interviewees: Owner, Owner's wife, Owner's son

Restaurant A is known as one of the oldest Japanese restaurants in Finland and it has been playing a vital role in familiarizing Japanese food culture to Finnish people since the restaurant was first opened in 1986 by a former owner, who was another Japanese entrepreneur. Back then, a current Japanese owner was working in Tokyo as a chef at a French restaurant but looking for some new career path. Even though he was somewhat interested in working abroad, he did not have any clear visions nor take actions owing to the inadequacy of English skills and international experience. At the end of 1999, one of his acquaintances brought him the information that one restaurant in Helsinki is looking for someone who wants to get involved in the restaurant business as a new owner. At first, he was not very serious about grabbing the chance, but his wife thought very positively on the idea and showed an obvious interest, which drove him to make a big decision in his life. The owner's wife reflected on that time by mentioning that "Surprisingly I had no hesitation to make the decision to come to Finland even though I had never planned nor expected to move to Finland for my husband's business, but I intuitively thought that everything would work out without any specific reasons."

Before they moved to Finland, the owner mainly focused on preparing the recipe and cooking tools, but aside from that, he had an intention to follow the former owner's style first and see how it goes. After arriving in Finland, he first worked with the former owner to learn the basics about the restaurant

business in Finland for a couple month and then he became the business owner who also cooks as a head chef. Not surprisingly, the first difficulty he faced was the lack of language skills, namely English and Finnish. However, luckily he had Finnish employees who was able to help him communicate with Finnish stakeholders. In addition, his wife quickly learned how to speak Finnish, which he did not even expect. According to the owner, his wife's positivity and a language learning ability helped him succeed in operating the restaurant business a lot. By riding a wave of sushi boom in Finland, his restaurant kept growing without big problems until other Asian (non-Japanese) restaurants became competitors by offering menus including Japanese food. His counterplan was quite simple and bold, which was a provision of genuine Japanese style that other restaurants were not likely to be able to imitate, and that is still one of his policies to survive in the Finnish market.

During his long career as a restaurant owner for nearly 20 years in Finland, he has made thousands of decisions on a daily basis, from the big ones to the small ones. He states that he is active and footloose when it comes to decision-making, because he cannot spend much time for planning or analysis. One type of decision-making that he has to make at least every season is related to new food menus. He mostly starts by experimenting with a new menu invented or derived based on the daily observation of the customer reactions and his own ideas coming from random thoughts. Then, the restaurant would continue to offer the menu if it gets many positive reputations, and if not, he would just stop it. For instance, the restaurant once started offering a course menu featuring popular Japanese cuisines in a traditional way. Due to its huge time and effort required to prepare the course menu, however, the owner decided to stop offering it and instead decided to provide same cuisines in one plate (one-plate menu) and it is now one of the popular menus in the restaurant.

His simple decision-making process like this includes the opinions from his employees as well since he believes that Finnish employees understand more about Finnish customers. Interestingly, in addition to the notions of his employees, another factor which influences his decision-making is comments from a few famous chefs who are well-known in the restaurant industry in Finland. He mentions that feedbacks and compliments from those professionals who sometimes visit restaurants are extremely informative and are frequently used to improve their menus, even though they could also somehow be regarded as competitors each other. He also highlights that a key resource which has been vital for major decision-making would be human resources, even more than money. For example, when the restaurant relocated to a new bigger place, the big strategic decision-making required more employees, but it was not easy to find the suitable ones.

Looking back at his journey as a restaurant owner, he remarks that he focused on doing everything what he could do and developing the restaurant little by little in a careful way, without getting everything right on the first try. Actually, the restaurant was also doing catering business with Finnair when they did not have many regular customers before the sushi boom even though food catering was not their main business area since he believed that one business would lead to other ones someday. As a successful restaurant, it could

have been relocated to a new larger place in the city center with more fulfilling facilities, but he was afraid of having a rosy view of business situations after the huge investment and found it as a risky decision. It does not indicate that he has an abhorrence of risk because he knows that entrepreneurs must face a variety of risks, but he surely is afraid of becoming a visionary risk-taker.

Intriguingly, the owner attributes success of his restaurant to his background as a French food chef, which he first regarded as a handicap when he decided to be an owner of Japanese restaurant in Finland. More specifically, he was assuming in the beginning that his knowledge based on French cuisines could lead to a sabotaging thought and he was not aware that it was actually an opportunity in disguise and would help him in various ways. For example, his knowledge about French cuisines has played vital roles in localizing Japanese cuisines in a way that Finnish would like, including the development of new menus for those who cannot eat raw fish. Also, his wide-ranging knowledge from French food to Japanese food resulted in being recognized by the currently famous chefs who sometimes visit his restaurant and it enables him to acquire latest information and trends in the Finnish food industry.

The entrepreneur has a small concern about the future of the restaurant since he and some of the business partners are already over 55 years old and sometimes think about having younger workers and business partners. He says that it is not easy to form a partnership and build trust with completely a new person from the scratch, thus he values working with people coming from his networks that he can trust. The situation about his concerns seems good since his 15-year-old son decided to go to a vocational school to learn cooking with the aim of helping the owner soon. In addition, he got a new accountant, who is a Japanese lady who used to work part-time at the restaurant when she was a student. His journey as an entrepreneur will go on with the two new stakeholders.

4.1.2 Restaurant B

Interviewees: Owner (Japanese), Co-owner (Finnish)

Restaurant B is a supernova in the Finnish restaurant industry, which was even selected in the top three sushi restaurants in Finland soon after it was opened in 2016. Restaurant B was established by a Japanese man and his Finnish co-owner, also known as his life partner. This Japanese young entrepreneur is also one of the people who never anticipated to become a successful restaurant owner in Finland already in his early 30s when he was living in Okinawa Prefecture, which is a tropical island located in southwest part of Japan. His involvement with Finland began unexpectedly when he applied for an international exchange program from his high school. His first-choice destination was the United States and that was only a country where he wanted to live and study. However, the notice letter stated Jyväskylä as his destination and he determined to go to the city of which he did not even know how to pronounce the name as well as the geographical location of Finland. His new life in Finland with his local host family was inspiring and he immediately fell in love with Finnish

people, nature and culture. Also, it would be necessary to mention that he met his Finnish future life partner who was one of his classmates in high school during the one-year exchange period.

After he has completed his study and experienced some work in Japan, he decided to move to Finland in 2011, which was nearly 11 years after he went to Jyväskylä for the first time in 2000. The main reason for his immigration was to live with his Finnish partner, but the other reason was that Japan was not a very livable country for him to live in a way that the country did not seem to be permissive for homosexual people. In order to support himself, he immediately tried to find a job and managed to find a chef position at a Japanese restaurant since he had some work experience in the restaurant industry before he moved to Finland and that was something he could start with. There he learned how to make Finnish style sushi and gained a variety of knowledge and insight about the Finnish restaurant industry, while his partner was continuing his study in business and management. During his career working for a local Japanese restaurant in Helsinki, this Japanese entrepreneur met several Finnish people who regarded sushi as disgusting Asian food, and those experience fired up his state of mind as Japanese who wants all the Finnish people to know the deliciousness of sushi and led to the opening of his own restaurant with his partner.

Before the opening at their new restaurant in Helsinki, some vital preparations were made by them, such as money raising and making recipes. More specifically, they managed to gain subsidy from the public organization which helps entrepreneurs and also they conducted tasting tests for men and women of all ages several times with the aim of observing their reactions towards the possible recipes, rather than analyzing previous market research conducted by someone else. Many of those new possible recipes were created based on his previous experience working for a Japanese restaurant in Helsinki, but he decided not to put some of the cuisines on the menu after getting feedbacks at the tasting tests. In addition to these preparations, they hired one assistant chef who is their friend's friend and also got informative advice and precious stakeholders such as an accountant with the help of the coordinator from the governmental organization of entrepreneurship.

Their entrepreneurial journey was finally started after those minimum preparations in 2016. They were able to combine his experience of the Japanese owner as a sushi chef and the business background of his Finnish partner in a good manner, and the business went well from the beginning. It did not take much time for them to get public attention and the local newspaper in Helsinki introduced the restaurant as one of the best sushi restaurants in Finland within one year after it was opened and it worked as an effective advertising. Besides, another lucky happening was that his activity got favorable coverage in one of the Japanese newspapers since his friend's sister was working there, and that resulted in higher recognition of the restaurant among Japanese people who live in Finland as well as Japanese tourists visiting Finland. The Japanese entrepreneur states that there have been several unexpected factors which turned out to function positively for his business. For example, before the restaurant was opened, some people criticized that his sushi-making skill does not appear to be authentic since it was Finnish-trained although he is Japanese. However he ac-

tually was able to develop the recipes and the menus that meet preference of Finnish people thanks to his unique career. It would also be necessary to mention that he accepted criticism gracefully and rather took advantage of the seemingly adverse condition.

During the two-year hectic working life as a restaurant owner, he has learned various lessons the hard way. Firstly, he tries to control and manage the business on a daily basis in light of multihued possible situations such as late delivery of the ingredients from suppliers. Thus, he tries not to be overwhelmed by any uncertainties. Secondly, competent staff is the most essential resource for a variety of daily business scenes including decision-making and customer service. Both of the two owners highlight the significance of having optimal human resources because they are skilled enough to somehow manage for providing satisfying food with ordinary or not very quality ingredients and facilities. Whereas, having improper employees retains higher potential to slowly cause damage to the business operation. For this reason, employee management was somewhat a big challenge especially for the Japanese owner since the way of interacting with employees is different between Japan and Finland and thus, he adopted the idea of "When in Rome do as the Romans do". More specifically, behaving like a workfellow, not bossily as general Japanese bosses do, became one of his work policies. Thirdly, primary information and insights coming from one's own actual experience are the most reliable and informative. He remarks that his actual experience is the foundation of new ideas and he leans the most from the customers' reactions he observes firsthand. Lastly, timing should never be underestimated when it comes to entrepreneurial decision-making regardless of the extent of the impact. Furthermore, it seems to be impossible to know the right time to make decisions in advance, but serendipitous associations or happenings at the right timing could provide definitive clues to make decisions.

The powerful momentum of their restaurant business never seems to slow down. Based on the successful experience of the sushi restaurant, the two young entrepreneurs have been planning to open another restaurant in the central part of Helsinki. Since they gained firsthand knowledge of the intensity of competition, the best choice appeared to be avoidance of tough competition by creating new small market even though they have now knowledge and expertise in the industry. Thus, the concept of the second restaurant is a Japanese-style bar where customers can enjoy drinks with Japanese home cuisines as nibbles. The idea came from the Japanese owner's desire to savor alcohol with a variety of small plates in a relaxed pace just like people in Japan do at *izakaya*, a Japanese style bar, because he has not found that sort of place in Finland. Luckily, they were able to find a vacant place in a good location when they were taking a walk in the center of Helsinki during the spare time. Also, they already found a person who will be in charge of the daily operation in their second restaurant as they were already acquaintances who had been talking to do business together someday.

Like this, it seems that all the arrangements for the second challenge have been made based on their policies and philosophies mentioned above. It is noteworthy that how their sound entrepreneurial behaviour including the pro-

cess of opportunity recognition and decision-making will work and function in their second challenge.

4.1.3 Restaurant C

Interviewees: Owner, a business partner

This Japanese owner of the Restaurant C is a born entrepreneur and he had various previous experience in doing businesses in the different industries both in Japan and other countries before opening the restaurant. Since his parents and relatives had family business in the logging industry, being an entrepreneur felt completely natural to him and thus, he first opened a do-it-yourself store where people can buy a variety of products related to housing equipment and miscellaneous daily goods in Japan. He immigrated to Finland in 1994 to establish a joint venture together with a Japanese company in the logging industry. It has been going quite well and still his primary income stream up until the present. Later on, he got involved in the manufacturing business of Japanese food in Finland and also undertook several businesses including the sale of lumber and refrigerators. Due to the protracted economic recession in 2009 and the enactment of the environmental regulation in 2010, however, he decided to withdraw from those businesses.

Even though he did not expect that he would open a restaurant as an owner when he moved to Finland, he had had a general interest in the restaurant business since then. It would be imperative to mention that a Japanese movie “Kamome Shokudo” (or “Ruokala Lokki” in Finnish) which was filmed mainly in Helsinki in 2006 had a huge influence on his restaurant business later. More specifically, the main shooting location was a local restaurant located in the design district of Helsinki, which was later bought by this Japanese entrepreneur in 2015 when the previous Finnish owner decided to sell the restaurant and have a retired life. The Japanese owner heard about the sellout of the restaurant from his acquaintance by chance and determined to buy it with the idea of connecting Japanese and Finnish culture in his new restaurant. It appeared to be a great opportunity which suddenly came at perfect timing.

Being an entrepreneur did not give him enough time to make a great deal of preparation including testing and research, but it was not a big problem for him since his business style is closer to learning by doing. However, one exception was that much time and effort were spent to find a possible head chef before opening the restaurant. More specifically, this Japanese entrepreneur enrolled in the short-term Japanese cuisine course at Tokyo Sushi Academy with the aim of finding a talented person who has the previous experience as a professional chef and would be interested in working for his restaurant, not for learning how to acquire cooking skills. Luckily his true intention led him to find a skilled chef from Germany who had worked for a Michelin-starred restaurant.

It took only a short time for the restaurant to earn public attention. Especially, it became one of the most popular touristic spots among Japanese tourists who had watched the movie as well the ones who had been interested in Finnish culture as both of the interior and exterior create an atmosphere character-

ized by the movie clearly. Although the business was going well with respect to customer acquisition and customer management, one serious problem which became a big challenge for the owner was emerging gradually and it started having a negative influence on the employee management. The head chef that the Japanese owner found at the cooking academy was a perfectionist who was too strict and behaving with a lack of respect for other employees, and therefore many valuable members of the staff including the Finnish sous-chef ended up leaving the restaurant. The owner finally decided to dismiss the head chef who was being a threat to the employee management of the restaurant since he believed that the employee relations are essential for success in business. Also, he was proactive for this matter in a sense that he had arranged with the former Finnish sous-chef to hire her as a head chef before the dismissal so that he can secure the necessary personnel from his own network.

This Japanese entrepreneur has had solid managerial philosophies which were acquired mainly from his own experience. He trusts his interests and intuition based on his experience the most when he makes decisions since he assumes that the future is volatile and unpredictable. In the restaurant, the big decisions are mostly made by him but he tries to empower his employees so that they can be the ones who make small decisions on a daily basis. His management style is entrusting many jobs to his employees rather than intervening actively in the small daily operations. It means that opinions from employees can somewhat have an influence on his decision makings and he respects those as well.

In addition, he always focuses on activities within his control and limit risks with the help of his team members, rather than seeking all-or-nothing chances which require millions of initial investments. Therefore, his main policy at the beginning of the business operation is starting with what he already has, that is, his own means and resources such as the personnel from his network and information he had gathered.

Nowadays this restaurant can be found in many Japanese travel magazines featuring Finland as one of the most well-known touristic spots in Helsinki. In addition, the restaurant is appreciated not only by Japanese tourists but also Japanese people who live in Finland in a way that it offers typical Finnish cuisines mainly for the tourists and authentic Japanese meals which bring nostalgic tastes for Japanese based in Finland.

In spite of its popularity of the restaurant, the owner has been addressing the different future challenges including the rise in turnover during the winter season when Helsinki has fewer tourists compared to summer time. His challenge also includes selling unique souvenirs designed only for the customers of the restaurant and opening a cozy café featuring traditional Japanese culture just next to the restaurant. Furthermore, he is also planning to start a tourism business with maximized utilization of resources and the human network he has acquired through his business experiences in Finland. It seems that he has never been satisfied with what has achieved so far and keep serving as a cultural and economic bridge between Finland and Japan.

4.1.4 Restaurant D

Interviewees: Owner, a regular customer

The unique and international background of the owner of the Restaurant D led her to a successful career in the old capital city of Finland, Turku. Since the opening of the restaurant in 2004, this restaurant has been contributing to bringing a taste of Japanese home-style cooking as well as Japanese culture to Finland. The long story behind this restaurant and the owner starts from her teenage years when she grew up in a prestigious family in Tokyo. Her father was an international-oriented person who was running a company and thus, she got to know many foreign people through many opportunities of international interactions such as traveling abroad and welcoming foreign guests visiting the family. One life-changing moment was the time when she by chance became acquainted with a Finnish family visiting from Turku in Japan who was a friend of her Japanese friend. She had been keeping in touch with the Finnish family for years while waiting for the chance of visiting Finland to come someday.

She got married to a Japanese man who had his own businesses and became a housewife who was giving cooking lessons in the spare time. They were having an affluent life in Tokyo and decided to take a round-the-world tour by ship, which she found was a perfect opportunity to stop by Finland and visit the Finnish family in Turku. They both got a nice impression of the city, and over the subsequent years after their first visit to Turku, they had visited there several times. The very hectic life of her husband dealing with work under extreme pressure gradually made them think of immigrating to another country to enjoy unhurried retired life. One option was, of course, Turku and the other one was Whistler, a town located in the west part of Canada also known as one of the largest ski resorts in North America because she already had friends living there. As a result of taking account of the fact that Finland has better access to other countries, they decided to move to Turku when she was 55 years old, after a couple trips to there in order to gather information and learn more about the country.

They had been discussing many things including legal matters such as VISA and social systems with the Finnish friend that she met in Tokyo prior to the immigration to Finland. That friend was already a successful entrepreneur who is familiar with business and laws in Finland and thus, she was able to give informative advice to the Japanese couple. As the best way for them to get the Finnish residence permission seemed to be making the own company, her husband started an image-related business and she decided to open the Japanese restaurant because those were the fields what they could do. Therefore, her restaurant business was begun as a means of immigrating to Finland legally as well as gaining an income. Luckily, the Finnish friend who is an experienced entrepreneur cooperated them as a shareholder and has been one of the most important local business partners of the Japanese restaurant owner. The entity of these local business partners has been essential for her life and business in Turku, especially after her husband unfortunately passed away from cancer, which happened three years after they immigrated to Finland.

The business style of this Japanese female entrepreneur is unique in many ways including the fact that she does not have any steady recipe for the menus. Also, she has not much relied on market research or some kind of data made by business consultants but rather follow her own experience and information provided by the regular customers and the business partners she trusts. It means that they are the main ones who could influence her decision-making but the owner itself is a type of person who keeps trying new things based on her curiosity. It would be worth to mention that there is a strong belief that she goes with the flow and follow her destiny behind her decision-making process. Another distinguishing point is that she tries to limit as much as risk as possible and making more sales is not the matter of the top priority for her. For example, she has got several offers of opening her second restaurant in other cities, such as Rovaniemi, but she did not take a risk of investing for further returns.

Now this restaurant also functions as a network hub, Japanese people who live in the city get to know each other, hold Japanese cultural events and help each other. It means that the restaurant is the place which also provides cultural experience and opportunities for cultural interactions both for Japanese and Finnish people living in the city. Surprisingly, the regular customers of the restaurant include famous Finnish singers and actors. These strong communities and networks enable her to advertise the restaurant with very low cost and form partnerships with the stakeholders if needed. Therefore, the owner is not just an entrepreneur nor a cook, but also depended on as a mother figure to local Japanese people. Furthermore, even Japanese embassy in Helsinki contacted her to ask the latest situation in Turku when the 2017 Turku attack happened, since she is the one who has wide network and connections in the city and gets lots of information. This female restaurant owner that suits well with the word “dynamic” or “vital” is indubitably an entrepreneur who has been contributing Finnish society with her distinctive entrepreneurial behavior.

4.2 Research findings through discourses

A variety of unique and intriguing stories were shared by the entrepreneurs and their stakeholders during the in-depth interviews as described above. From the set of the discourses, four different points deeply related to opportunity recognition and decision-making were especially highlighted and those can be concretely linked mainly to the key factors of effectuation theory. Thus, in this section, characteristics in the set of discourses on strategy, competition, partnership, and investment, are explored from the perspective of entrepreneurial behaviour based on discourse analysis. Also, each main point is supported by the comments from the entrepreneurs with the use of direct quotations. In addition, several unique concepts generated from the own assumption and reasoning of the author will be displayed in each part below. The results of this research clearly show the relationship between entrepreneurial behaviour and effectuation in various ways. The relationships between the discourse types and the concepts are summarized in the table4 below.

Table 4: Concepts derived from a set of discourse

Discourse types	Concepts
Strategy	Action-oriented behaviour
Competition	Uniqueness & differentiation
Partnership	Connection-minded behaviour
Investment	Risk-based behaviour

4.2.1 Discourse on strategies

One of the key interview questions asked to the entrepreneurs, also known as Japanese restaurant owners, was how they make decisions about the company's strategy and other vital factors such as the development of new menu. Concretely speaking, it would be significant to examine if their decision-making process is research and analysis-based, or rather relies on their own experience, knowledge, and intuition. The result was very fascinating in a way that there are prominent similarities in the decision-making process between the entrepreneurs. In short, their decision-making process is based on "the concept of action-oriented behaviour", which is described in greater detail below.

As both the owner and the co-founder of the Restaurant B say that "When we make decisions about adopting new ideas, we first try testing and trials and then see how it goes. We just stop doing that if it doesn't go well", it is very common to trust their own experience of trying new things among the Japanese restaurant owners. The owner of the Restaurant C, an experienced entrepreneur who has other businesses in Finland as well, also states that "It's usually quite simple. Experience and interests are the two things I value the most when I make decisions. We always learn by doing something we are interested in, because I know I can't predict the future anyway". It could be argued that actual reactions and feedbacks based on the experience are the center of focus for them rather than prior research and analysis. The owner of the Restaurant D even clearly mentions that "I never ask consulting firms for market research and strategic analysis to help me make decisions".

In addition, the owner of the Restaurant A highlights that they cannot afford to lose a minute for market analysis. Behind these common views among the entrepreneurs, there seems to be a strong belief that primary information is the most trustworthy in this volatile market, which was the lesson learned the hard way by all of the entrepreneurs. Besides, it could be also argued that if their decision-making is primarily based on the learnings from the actions they make, another key component of the entrepreneurial behaviour, namely opportunity recognition, is also affected by those factors.

As mentioned above, the process of entrepreneurial behaviour of the Japanese restaurant owners relies on their own experiences and even intuitions rather than research and analysis, whereas the necessity of advance preparation is recognized closely by them. More specifically, they do not solely begin with a strong idea without adequate preparation but try to acquire as much experience and primary information as possible through their various actions during the

preparation period. The owner of the Restaurant B remarks that “I put much effort on the development of the recipes before opening this restaurant. I invited people with a different demographic background to the restaurant to let them try our food menus. Plus, we met several experts such as an accountant and a tax attorney that the public organization of the Finnish government introduced to get professional advice. After the preparation, we started with what we had and just kept doing what we could do for the best”. As the business partner of the Restaurant D says that “Maybe one thing I contributed for her business was helping her develop the business ideas by giving feedbacks”, the owner was able to get adequate support from her business partner and close friends when she was preparing to open the restaurant.

In addition to these points, it would be worth to mention that their self-motivated action-oriented behaviour enabled them to take unexpected chances. That is the one point underlined by the owner of the Restaurant B, who says that “Many unexpected events and problems happened to me but actually many of them turned to be lucky accidents. I think it’s important to have an attitude to try to harness things in a positive way”. Also, “There have been many unexpected events that were possible but couldn’t be predicted. But I can now surely say that those bitter experiences taught me a variety of things like how to build up relations of trust with my employees and human capital management in Finland”. As noted above, it seems that their entrepreneurial journeys have been shaped by various circumstances that were not even anticipated but those were ultimately capitalized by the entrepreneurs.

4.2.2 Discourse on competition

“Uniqueness and differentiation” would be a fundamental concept of the entrepreneurial behaviour of the Japanese restaurant owners towards competition. As shown previously in the graphs about the market situation of the Finnish restaurant industry, the increasing number of the restaurant has been boosting competition in the market, where each restaurant tries to survive and become prosperous in various business styles. As for those Japanese restaurants owners in this research, their main focus is averting price competition by providing something different than what other companies do. The owner of the Restaurant A mentions that “When I opened this restaurant, I decided to offer authentic Japanese tastes to differentiate ourselves from Japanese restaurants owned by non-Japanese people that provide cheap buffet menus”. With regard to the owner of the Restaurant D, “I opened this restaurant with the hope of bringing a taste of Japanese home-style cooking as well as the culture. I don’t only make food but also organize cultural events at this restaurant as I want people here to experience deep Japanese culture. I’m sure that this is a very unique restaurant for people in this city”.

One notable point that could easily be observed from the discourse is that they all focus on differentiation and being unique, although they have not fully recognized and analysed competitors deeply. For instance, “we wanted to create something new for the customers and finally succeeded in combining Finnish and Japanese food culture as a result of trial and error. In addition, I no-

ticed that we could also promote the fusion of the best locally sourced ingredients and handcrafted dishes, which makes us exclusive”, stated by the owner of the Restaurant C. According to the owner of the Restaurant B, “One of our strong points that other restaurants can’t imitate is our Japanese-style dish inspired by the food culture of my hometown, Okinawa (the Japanese Pacific island). That’s why we don’t compete on price but the taste and quality in a cozy and relaxed atmosphere”. The owner of the Restaurant D plainly claims that “I never ever provide price-oriented menu such as low-priced sushi buffet”.

Being unique with a focus on differentiation would be one reason why they can avoid price competition. A good example is the Restaurant D, whose owner has a strong opinion towards competition, saying that “Because my restaurant doesn’t even have recipes for the menu, others can’t copy my Japanese home-style dishes. That’s why there are not intense competitions. However, it usually takes some time for our new customers to understand our authentic Japanese-style dishes as those are a bit different from what they have tasted in other Japanese restaurants. If they find intrinsic value in my restaurant, they come again and become repeaters”. The owner’s son of the Restaurant A, who is expected to succeed his father someday, remarks that “I think it is in some ways lucky that most Japanese restaurants in Finland are offering either cheap buffet or only sushi menus. Then we can mainly focus on different customer segments than theirs because what we provide is totally different”.

4.2.3 Discourse on partnership

When it comes to starting a business abroad, one challenge would be finding the right people to work with, namely forming a partnership. That is one point highlighted by the Japanese restaurant owners in various ways and their entrepreneurial behaviour towards partnership could be referred to “the concept of connection-minded behaviour”. More specifically, one interesting finding from the discourse was that they all value their close relationships the most, including employees, families, and relatives, and also understand the importance of constructing trustful connections first from their own networks such as friends’ friends, and regular customers and acquaintances of the stakeholders.

The owner of the Restaurant D says that “Many Japanese people living in this city help me when I organize an event in my restaurant. I always feel the preciousness of personal connections. Also, because most of our new customers come by word of mouth, I don’t have to run an advertising campaign”. In addition, “She (the owner of the Restaurant D) is making a family-like relationship with her customers”, stated by one of the regular customers. In the case of the Restaurant B, the owner and the co-owner showed the appreciation for the public organization which supports entrepreneurs, commenting that “We didn’t know any accountant and it was hard to find one we could trust, but the coordinator of the organization kindly connected us with a professional person and he is still our important business partner. As for the recruitment of our restaurant, we hired an assistant chef who was actually a friend of our good friend”. An insightful comment was given by the owner of the Restaurant A, who mentions that “On top of the relationship with my employees and business partners,

Finnish big-name chefs who sometimes come visit me here are also my important contacts since we always learn something new from each other". On the other hand, a different effort to form a partnership was made by the owner of the Restaurant C. He reflected on that time when he was trying to find a head chef before opening the restaurant by saying, "I enrolled in the Tokyo Sushi Academy not just to learn about cooking but also for finding a young talented cook he could hire, which was actually my real aim but didn't lead to a good result".

Basic notions and key behavioural patterns in establishing partnership were also shared in the discourse. As stated by the owner of the Restaurant B, "I have learned that here in Finland it is better to behave friendly to my employees rather than bossily as I did in Japan. It's easy to spread both the good and bad word about you easily in this small country, so an attitude in building a better bond with colleagues is necessary". According to the owner and his family members of the Restaurant A, "We respect our Finnish employees who have worked for us since the opening of the restaurant", whose comment is broadly similar to that of the owner of the Restaurant C of saying, "After bitter experience I now pay a high regard especially to our Finnish staff and their ideas". Behind the background of these notions and behavioural patterns, there seems to be common wisdom among the entrepreneurs that the most valuable resource for decision-making is human resources. "When we expanded the size of our restaurant, finding the right talent was the hardest issue on top of money-raising", emphasized by the owner of the Restaurant A. Also, the owner of the Restaurant B mentions, "You can somehow manage with tolerable equipment and ingredients you already have, but it would be fatal to have inappropriate human resources". In addition, "Since I have great staff members now, I basically entrust matters of daily practice to them. Their opinion is helpful in decision-making", remarked by the owner of the Restaurant C.

4.2.4 Discourse on investment

Another predominant point among the entrepreneurs could be linked to "the concept of risk-based behaviour", when it comes to the behaviour towards investment. A big investment was required at some point during their business period, but their cautious stance towards investment and expense is a curious finding in the set of discourse. More specifically, it was revealed that they focus on minimizing possible risks, rather than grabbing all-or-nothing opportunities. One example could be explained by the comment from the owner of the Restaurant A, saying "I'm usually reluctant to invest huge money aiming to get a great return. I don't have a strong intention to expand my restaurant more because it would be risky unless we get unexpected chances". Besides, the owner of the Restaurant B states that "When I invest money for our restaurant, I always recognize the limit of the extent I can afford to lose". In Restaurant D's case, "I don't prioritize money making right from the start, so I usually reduce as much risk as possible to maintain this restaurant".

As the owner of the Restaurant B says that "There are so many things that we can't predict. That's why we always need to increase awareness of risk in

preparation for that", it is obvious that the restaurant owners do not have aggressive attitudes towards investment. In other words, they seem to strive to maximize the outcome within the range of their control. However, one common feature that should be mentioned is that they have real guts to take a risk by investing in what they believe when they find enough reasons to be sure. According to the owner of the Restaurant C who has already created several businesses, "I usually try to start a business with my own money, but I consider investing more heavily when I find another good chance after one business goes well". Moreover, a new investment plan was shared by the owner of the Restaurant B, which is "After a success of this restaurant, we are now planning to open a new restaurant in the city center of Helsinki. Now we have more resources including money, knowledge, employees, and experience, and also I have an intuitive feeling that it will be popular as well. Anyway, we will start and see how it goes". Therefore, it could be argued that their basic stance is based on "the concept of risk-based behaviour" but simultaneously risk-taking attitude can also be exhibited when needed.

5 DISCUSSION

In this section, the results and the research findings are discussed in relation to the theories and frameworks of effectuation and causation. The four concepts found by the author from the set of the discourses of the interview research are mainly linked to the five principles of effectuation discovered by Sarasvathy (2001). In addition, characteristic behavioural patterns of the entrepreneurs (the Japanese restaurant owners) derived from the in-depth interview are explained based on the two key elements of entrepreneurial behaviour, namely, opportunity recognition and entrepreneurial decision-making. Thus, this discussion section is elaborated by reference to the leading ideas and notions from previous renowned literature in the field of entrepreneurship.

5.1 Analysis effectual factors in the key concepts

As described earlier, the open-end interviews provided especially four main points in the discourses deeply related to opportunity recognition and decision-making. That is, discourse on strategy, competition, partnership, and investment. Notable features shared by the Japanese restaurant owners were discovered in the discourses and each of the features was defined as a concept by the author. In this part, each concept is further discussed by identifying effectual factors from the discourses, focusing on the relationship between the use of effectual logic and entrepreneurial experience (Sarasvathy, 2012). Effectual logics and 5 principles of effectuation, as well as causal factors found in each concept, is summarized as described in the table5 and the further analysis will be given in the following part.

Table5: Summary of the logics and principles found in the research

Concepts	Areas of discourse	Effectual logics used	5 principles found	Causal factors observed
Action-oriented behaviour	Strategy	Starting with what they have	Bird-in-hand	Sufficient effort on preparation
		Improvising and change		
		Motto of "Ready Fire Aim"		
		Testing and Trials		
		Experience-based	Lemonade	
		Leverage contingencies		
		Following intuition & belief	Pilot-in-the-plane	
Unpredictable future				
Uniqueness and differentiation	Competition	Creating new niche market	Patchwork kilt	Recognizing & understanding competitors
		Avoiding competition	Pilot-in-the-plane	
		Sense-making based on the identity		
Connection-minded behaviour	Partnership	Longterm partnership-focused	Patchwork kilt	Sensical recruitment from outside of own network
		Trusting own network first		
		Close commitment with stakeholders		
		Co-creation-oriented		
Risk-based behaviour	Investment	Knowing what you can afford to lose	Affordable loss	-
		Awareness of risk for unpredictable future	Pilot-in-the-plane	

5.1.1 Concept of action-oriented behaviour

It could be argued that this concept of action-oriented behaviour is mainly endorsed by the first principle of effectuation, **bird-in-hand**, which is a basis of taking action among entrepreneurs (Maine, 2015). As Sarasvathy (2008) claims that entrepreneurs immediately **start taking action with a question of who they are, what they know and whom they know**, various effectual logics related to the elements of principle of bird-in-hand are actually used by Japanese restaurant owners. According to the interview result, those all of those Japanese restaurant owners began with their own means without fear of improvising and changes. That could be regarded as typical entrepreneurial behaviour of effectual thinkers who tend to focus on what they can do and then just do what they believe (Sarasvathy, 2008; Iivonen, 2011).

As a result of the action-oriented behaviour, the Japanese entrepreneurs are able to obtain experience and knowledge as well as a good intuition, which will further help them make decisions and recognize opportunity under the uncertain environment. This learning process found in this research can also be supported by the idea that a heuristic approach seems to be more common among entrepreneurs than methodical approach that requires complex information processing (Baron, 1998; Busenitz and Barney, 1997). Thus, their entrepreneurial behaviour that was revealed in the discourse on strategy can be linked to the two effectual factors stated by Fernández-Pérez et al. (2016), a doctrine of experimentation and an attitude of starting with available means. In other words, effectuation is regarded as action-oriented (Sarasvathy, 2001; 2008) and thus, those action-oriented behaviour found from the research can be said to have effectual factors from the view point of the principle of bird-in-hand.

Another notable effectual logic was found in their "attitude toward unexpected events" (Maine, 2015, p.55), which is associated with the principle of **lemonade**. As mentioned in the previous part that their entrepreneurial journey has been shaped by many unexpected, it is obvious that they aggressively tried to leverage them rather than avoiding them. That logic could be seen as the opposite attitude of causal reasoning, which tries to avert surprises and minimize the prospect of unexpected outcomes (Sarasvathy, 2001, 2008). Therefore, it seems that those Japanese entrepreneurs have no hesitation that their businesses are shaped by whomever they encounter, including suppliers, advisers and customers (Read et al., 2009). The reason why they tend to use this effectual logic could probably be explained by the thought of Chandler et al. (2011), who argues that **one advantage of effectuators is flexibility that enable them to abandon unfruitful attempts and move to other chances**. Actually, several examples of the flexibility were shared in the discourse, such as changing their initial direction and visions for the new attempt (Dew et al., 2009) depending on the circumstances and events.

There seems to be a fundamental behavioural pattern behind the action-oriented concept. More specifically, as seen in the research finding part above, all the Japanese restaurant owners started businesses based on what they believe and intuition, and then keep managing or putting themselves in charge of those. It is clear that they do not rely on elaborate research and future predic-

tion much because they feel that **future is unpredictable**. Entrepreneurs using an effectual logic are more likely to **work with means within their control and make adjustments as necessary**, rather than attempting to predict the future (Dew et al., 2009). Since a view of the future that tries to control an unpredictable future is recognized as the principle of **pilot-in-the-plane** (Maine, 2015), these logics could also be understood as a part of effectuation theory. This tendency is explained by Chandler et al. (2011) that entrepreneurs are prone to focus on putting mechanisms so that they can have some control over the outcome. In addition, ethnically minority entrepreneurs may have limited access to finance or limited human capital (Katila & Wahlbeck, 2012). Therefore, their background as an immigrant who had fewer resources including human capitals, money, and data than local people might also result in using effectual logics in a way that **taking actions seems to be the simplest way to gain new experience and insights**.

As described above, effectual logics dominate in the discourse on strategy and it leads to the concept of action-oriented behaviour. However, a behaviour somehow relevant to **causal logic was also observed in the discourse, which is a sufficient effort on preparation before opening the restaurants**. Causation is associated with **planned strategy approaches** based on opportunity recognition and business plan development because those are in general significant business activities (Chandler et al., 2011). It would indicate that enough preparation made by the Japanese restaurant owners can be seen as a part of their business plan development which can be rather linked to the causation. Research by Read et al. (2009) reveals that effectual entrepreneurs tend to focus more on getting new experience by their own actions rather than spending much time on prior research and analysis. Their finding seems to apply to the behavioural pattern of the Japanese restaurant owners except for the fact that advance preparation is seen as a critical part for their business development, especially for the process of opportunity recognition.

As the entrepreneurial process starts with seeking an opportunity (Ropega, 2016), it seems that many good ideas were actually made during their long preparation period, including meetings with professionals in the public sector, developing new recipes and so on. Thus, it could be argued that an effectual logic is a mainstream attitude towards strategy among the Japanese entrepreneurs but at the same time **the small amount of elements related to causation is also used at the beginning of the strategic process**.

5.1.2 Concept of uniqueness and differentiation

The research also shows that two types of effectual logics are actively used in their entrepreneurial behaviour towards **competition**. The notable points that can be obviously seen from the comments by the Japanese entrepreneurs would be that **they all focused on avoiding as much competition as possible** by being unique entities in the niche or new market. This behaviour should be considered to be included in one of the effectual principles, **patchwork kilt** because entrepreneurs create a new market entirely or see themselves on the fringe of a market rather than agonizing about competitors under this principle (Read et

al., 2009). Sarasvathy (2001; 2008) explains that this logic stands in contrast to competitive analysis with the view that competitors are rivals to contend with. For instance, those Japanese restaurant owners succeeded in differentiating themselves from other restaurants that provide Japanese-ish food and it resulted in avoiding harsh price competition. The differentiation contains offering authentic home-made Japanese food and fusing Japanese and Finnish food culture based on their professional experience. Therefore, this kind of effectual behaviour seems to have the opposite nature of causation, which focuses more on how to beat the competitors and how they best position themselves in the market (Sarasvathy, 2008).

It could be mentioned that being uniqueness results from sense-making based on identity. In the process of their various actions, identity is likely to support the entrepreneurs in ordering preferences as one of the given pre-conditions or means which triggers the entrepreneurial process (Nielsen & Lassen, 2012). As noted in the previous section, those Japanese entrepreneurs have undergone the sense-making in several different ways based on their own experience, previous career, and identity, which enabled them to differentiate themselves from other restaurants. Sarasvathy & Dew (2005) points out that identity should be perceived as a key factor of effectual thinking in a way that it affects decision-making and managing preferences of entrepreneurs in the situation with ambiguity and uncertainty. More specifically, the Japanese entrepreneurs are not afraid of following the process resulting from their identity since they focus more on activities within their control and strive to make the future instead of finding or predicting it in order to achieve the desired outcomes (Sarasvathy, 2001; 2008). Thus, this logic used by the Japanese entrepreneurs also has an effectual aspect and pertains to the principle of pilot-in-the-plane.

During the research, one type of their behaviour towards competition that could be associated with causation logic was recognizing and understanding competitors adequately, although avoiding competition by creating new niche market has been their priority as mentioned earlier. One effectual element from the principle of patchwork kilt is that entrepreneurs fret less about competitors (Read et al., 2009) and it is contrasted with causal reasoning that tries to contend with competitors based on competitive analysis Sarasvathy (2001; 2008). One point that should be pointed out is that this causation-related logic used by the Japanese entrepreneurs was a necessary step for them to differentiate themselves from the competitors and become unique restaurants, as they had to know about competitors first in order to utilize their own sense-making based on identity. Therefore, while effectuation shares a strong relationship with their entrepreneurial behaviour in this concept as well, causal logic is also used especially in the assessment of opportunities (Hasliza et al., 2018) which starts from recognizing and understanding competitors.

5.1.3 Concept of connection-minded behaviour

The research result reveals that their connection-minded behaviour and attitudes towards partnership are supported by the active use of various effectual logics, basically from the discipline of patchwork kilt. As shown in the previous

chapter, those Japanese restaurant owners put much emphasis on close commitment with stakeholders, especially employees, and focus on developing partnership starting from their own networks such as business partners, regular customers, and friends' friends. It would be worth to mention that effectuators try to see their customer as their best investors as well as the best salesmen while causal thinkers usually envision more traditional vendor-customer interactions (Read et al., 2009). More specifically, the research signifies that values shared by those Japanese entrepreneurs are co-creation-oriented and longterm partnership-focused and those are also vital parts of the principle of patchwork kilt.

The essence of this principle would be that obtaining pre-commitments from self-selecting key partners and stakeholders in the early stage enable effectual entrepreneurs to reduce uncertainty and co-create the new market with its interested participants (Sarasvathy, 2001; 2008). As Sarasvathy (2001) states that effectuators are more likely to co-create with stakeholders they trust who expressed a positive interest in pre-committing themselves, the Japanese entrepreneurs tend to trust their own network the most who joined their entrepreneurial journey early on in the business.

Even though effectuation wields a pervasive influence on their entrepreneurial behaviour in the attitudes towards partnership as well, a logic related to causation also seems to be used to a small extent. One example could be the sensical recruitment from the outside of own network implemented by the owner of the Restaurant C before the opening of the restaurant, as described in the previous section. Since entrepreneurs who follow effectuation are relational and network-oriented (Read et al., 2009) and hence tend to start with whom I know (Sarasvathy, 2001; 2008), the designing approach by the Restaurant C can be regarded to be rooted in a causation logic. Furthermore, it is a planning-oriented (Hasliza, 2018) rather than effectual reasoning that tries to seek first from own human network.

5.1.4 Concept of risk-based behaviour

Two of the principles of effectuation, affordable loss and pilot-in-the-plane, play a vital role in the concept of risk-based behaviour discovered in the course on investment. One common premise between these two principles is that effectual entrepreneurs become quite sensitive about risk in uncertain situations. More specifically, the research finding clearly represents that all those Japanese entrepreneurs know what they can afford to lose for their various attempts that require investment. That behaviour seems to correspond approximately to the description of the principle of affordable loss by Sarasvathy (2001) explaining that entrepreneurs who follow effectuation determine how much loss is affordable prior to implementing experiments with as many strategies as possible. Even though their sound and sustainable behaviour created through effectual processes might not decrease the probability of failure, at least it is likely to reduce the costs of failure (Sarasvathy, 2003). In other words, the effectuation approach by the Japanese entrepreneurs can be seen as an experiment in which losses are contained (Chandler, 2011).

The awareness of risks for unpredictable future is also shared closely by the Japanese entrepreneurs. In addition to the fact that the Finnish restaurant industry is competitive and versatile as shown earlier, they all mention unexpected events that could happen anytime since the future is highly unpredictable and volatile. Therefore, it could be argued that the principle of pilot-in-the-plane is eminently used as a fundamental effectual logic in a way that they do not need to predict the future to the extent they can control it (Sarasvathy, 2001). As a pilot in the plane, effectuators focuses more on controlling an unpredictable future (Maine, 2015) with the recognition of downside risk. On the other hand, causal factors were not observed in this discourse in which the idea of limiting risk by knowing what one can afford to lose at every step (Sarasvathy, 2001; 2008) dominates. Thus, effectuation has a strong link with their entrepreneurial behavior in this concept as well.

5.2 The relationships between entrepreneurial behaviour and effectual factors

As described in the previous parts, this research disclosed significant roles of various effectual logics found in the entrepreneurial behaviour of the Japanese entrepreneurs. From the research, it is also clear that their individual wills created each entrepreneurial process which is dynamic, unique, intermittent and variable (Ropeęa, 2016). As that process starts with recognizing opportunity (Ropeęa, 2016) and influences entrepreneurial decision-making (Miao, 2010) which is another core point of the entrepreneurial behaviour (Casson, 2010), this last chapter explores the relationships between effectual factors used by the Japanese entrepreneurs and key vital parts of entrepreneurial behaviour, that is, opportunity recognition and entrepreneurial decision-making.

5.2.1 Opportunity recognition and effectuation

As Short et al. (2010) mention that identifying and seizing opportunities is the most important challenges for an entrepreneur, a variety of opportunities have been recognized and then utilized by those Japanese entrepreneurs with the use of effectuation. The link between opportunity recognition and the principles of effectuation can be found in several steps. Opportunity recognition is understood as the process where entrepreneurs try to find a moment that seems to have potential value (Ardichvili, 2003) or a process in which new possible signals are processed, represented subjectively, and utilized to build beliefs about opportunities (Vandor, 2016).

In the case of the Japanese entrepreneurs, one could interpret that the “moments” or “signals” were mostly recognized through flexible testing, trials, and experimenting after the business was begun with their own means. In other words, the processes of opportunity recognition occurred while the Japanese entrepreneurs devoted themselves to what they can do and move it into action for real (Iivonen, 2011). This suggests that the principle of bird-in-hand plays a big role in the process of opportunity recognition of those Japanese restaurants.

Besides, the fact that they are not afraid of following their intuition and improvising based on their knowledge and cleverness to seek potential chances could also be related to the essence of this principle of effectuation, partly the principle of **pilot-in-the-plane**, because the key factors of behavioural approach pertaining to opportunity recognition are knowledge, intuition, and creativity.

In addition to bird-in-hand, the principle of **lemonade** can also be associated with the way how the Japanese entrepreneurs identify and grab opportunities. One common point shared by the Japanese entrepreneurs is that they all have an attitude that tries to leverage contingencies which happen unexpectedly. It could be argued that those contingencies can be recognized and then turned into opportunities by the use of **entrepreneurial alertness**, which is a capability to recognize emerging opportunities, such as transitions in technology, market situations, public policies, and so on (Dew, Read, Sarasvathy, & Wiltbank, 2009; Tang et al., 2012). Since entrepreneurial opportunities appear in various forms (Schindehutte, 2006) which might not be predicted beforehand, **entrepreneurs strive to interpret surprise or bad news as potential clues** to create new markets and that is exactly the essential part of the principle of lemonade highlighted by Sarasvathy (2001; 2008). Overall, having entrepreneurial alertness enables the Japanese entrepreneurs to recognize opportunity (Li, 2015) and as a result, they are able to exert the function of “lemonade” based on those opportunities.

5.2.2 Entrepreneurial decision-making and effectuation

This research revealed that the decision-making process of the Japanese entrepreneurs highly relies on **heuristic factors** that include unique experience, knowledge, interests and even intuitive approaches. These heuristic factors are acquired through actions that contain improvising and changing by the Japanese entrepreneurs, not from elaborative research and analysis. As Sarasvathy (2001; 2008) describes effectuation as action-oriented theory, one could interpret that the process of entrepreneurial decision-making is supported by various effectual logics, especially the principle of **bird-in-hand** and **pilot-in-the-plane**, as shown in table 5. In addition, the context of entrepreneurial decision-making is characterized by multiple factors and contingencies that would influence the process as well (Fodor et al., 2016). It means that their effectual behavioural style towards contingency, or proactive attitudes towards unexpected events (Maine, 2015), would have an impact on their decision-making.

Last but not least, the principle of **patchwork quilt** functions in this process. Entrepreneurial decision-making includes opportunity assessment decisions, entry decisions, decisions about utilizing opportunities, and so on (Shepherd, 2015) and usually, entrepreneurs only have limited information about the major potential consequences of each options when they make decisions (Schwenk, 1995). For those reasons, as the findings of this research show, close stakeholders such as right-hand employees, reliable business partners, and regular customers influence the entrepreneurial decision-making of the Japanese entrepreneurs. Also, those **human connections and human resources** are the most trust-

ed strategic necessities for them. That would be a result of their connection-minded behaviour that tries to form partnerships with self-selecting stakeholders (Sarasvathy, 2001; 2008) as well as a view that sees their customers as their best investors and best salesmen (Read, 2009). Because decision-making stands at the very center of the entrepreneurial process (Gabrielsson & Politis, 2011), it could be argued that the principle of patchwork kilt acts significant parts in the process of entrepreneurial decision-making as an upholder.

6 CONCLUSIONS, IMPLICATIONS & FUTURE RESEARCH

This chapter first provides the summary of the findings and the conclusions of the research. Especially all the logics related to effectuation and causation exploited by the Japanese entrepreneurs will be highlighted in association with the process of opportunity recognition and entrepreneurial decision-making. After that, the implications of the research will be described with the aim of showing how this paper could contribute the entrepreneurship research as well as the restaurant industry in Finland. Then, the author suggests what kind of further research related to the topic of this research could be made in consideration of the limitations.

6.1 Entrepreneurial behaviour and effectuation in this study case

The understanding of theories and concepts related to entrepreneurial behaviour was essential for this study because it was designed and conducted based on the two primary research questions below.

1. What kind of entrepreneurial behaviors and entrepreneurial decision-making processes can be found in Japanese restaurants in Finland?
2. How those are related to effectuation theory or causation logic?

The answer for the first question can be summarized that various kinds of attitudes and logics that are associated with the principles of effectuation were found in the process of their entrepreneurial behaviour, including decision-making and opportunity recognition. As for the second question, we could conclude that those entrepreneurial behavioural processes have tight relationships with effectuation and moderate links with causation in this study.

Nowadays entrepreneurship has been gaining strong attention as the process of value creation which brings a variety of benefit to society. Also, more scholars try to study behavioural patterns, competencies, and attitudes of entrepreneurs concomitantly with the fact that an entrepreneur is believed to be a unique entity. Especially, individual's behaviour is considered as the main factor which affects business performance of a small enterprise and the two key constructs of entrepreneurial behaviour, namely opportunity recognition and entrepreneurial decision-making, have a huge influence on the performance of entrepreneurs. As a comprehensive process of entrepreneurial behaviour, entrepreneurial decision-making has been discussed from different approaches and one of the most resounding perspectives is a contrast between effectuation and causation. Since previous research has revealed that effectual logics tend to be exploited by successful entrepreneurs, rather than managers in big organizations, this study focused on exploring what kind of effectual factors can be found in the real-life cases.

After the qualitative research, which was the in-depth interview to Japanese entrepreneurs who own Japanese restaurants and their stakeholders, this study revealed that several different effectual logics have been used in many

processes of their entrepreneurial behaviour. The result also shows that each of the effectual logic found in the discourse can be clearly categorized according to the five principles of effectuation, that is, bird-in-hand, lemonade, patchwork kilt, affordable loss, and pilot-in-the-plane. Some of the principles of effectuation were used in more than one process where the entrepreneurs recognized opportunity and made decisions. In addition, four concepts based on the observed effectual behaviour of the Japanese entrepreneurs were newly made by the author with the aim of clarifying their common attitudes towards strategy, competition, partnership, and investment. Besides, those logics that can be highly associated with the principles have a strong influence on the process of opportunity recognition and entrepreneurial decision-making. Another key finding is that logics related to causation are also used in some processes by the Japanese entrepreneurs, even though it is not as distinct as the utilization of effectual logics.

Since the research shows that various effectual factors have actually been exploited in the process of the opportunity recognition and entrepreneurial decision-making, this study could conclude that there is a strong relationship between entrepreneurial behaviour and effectuation in the case of Japanese restaurants in Finland. Plus, most of the entrepreneurial behaviour and its process found in this study are consistent with the findings from previous research relevant to the theory of effectuation. Thus, it could be argued that the notion that successful entrepreneurs are likely to be effectuators can be applied to this study as well. In addition, the result of the fact that the Japanese entrepreneurs sometimes use causation logics situationally corresponds to the notion of **hybrid use of effectuation and causation** from earlier research.

6.2 Implications

This study offered concrete cases which identified a deep relationship between entrepreneurial behaviour and effectuation in Japanese-owned restaurants in Finland. Those cases succeeded in clarifying that what kind of effectuation or causation logics are used in each process of entrepreneurial behaviour and how those logics impact on opportunity recognition and decision-making of the Japanese entrepreneurs. The findings and the knowledge derived from this study could contribute to the entrepreneurship research, especially to the subject of effectuation, by **providing unique and niche cases**, since the topic of this study is quite specific and research related to effectuation seems to need more diverse case studies to identify the application potentiality. More specifically, the unique parts of the topic of this study would be that it focused on the restaurant industry and also the Finnish market. Therefore, one could expect that this study stimulates scholars and students to conduct further research on effectuation in several different business sectors and industries. Also, this thesis would be able to **provide hints** to those who hope to get involved in starting a restaurant business or those who try to be an entrepreneur with limited resources and experience in Finland from the perspective of entrepreneurial behaviour. Especially, it would not be significantly severe to follow the main findings that are relevant to the five principles of effectuation. Besides, the author believes that

effectuation theory contains many informative and applicable logics and thus, effectual entrepreneurial behaviour found from this research can be used not only by entrepreneurs but also by other business people at all levels, such as the notion of lemonade principle or pilot-in-the-plane.

These findings from this study could provide specific practical guidance for novice Japanese entrepreneurs in Finland on opportunity recognition and decision-making. From the perspective of opportunity recognition, the first guidance should be given for the initial stage of their entrepreneurial journey or even before the business is started. The key point in the early stage of the business would be implementing something they believe with what they already have little by little without fully relying on the existing market research and analysis. They better learn by doing and business pivot is not always a roundabout approach as this study shows that some of the Japanese entrepreneurs grabbed good opportunities at timings they did not even expect. Therefore, the advance preparation could be somewhat necessary but they do not need to put too much effort, money, and time for that. Instead, the more focus should be placed on gaining both successful and failure experience, even though they do not have enough resources in the beginning.

Once the entrepreneurs start taking actions, they could strive to acquire more resources such as money, human resources, and equipment at a reasonable pace. The firsthand experience and those new resources are likely to bring knowledge and new ideas, which can be the foundation of various contingencies and changes. It would be essential for them to see those contingencies and changes as “golden opportunities”, not threats, and have the attitude that tends to leverage them. Plus, another vital point is to try recognizing a variety of possible opportunities positively without clinging onto one determined goal they set in the early stage. It seems that those perfect opportunities appear in a lot of different forms as shared by the Japanese restaurant owners and their stakeholders during this research. For instance, it might be a find of a new niche market that enables you to avoid competitions or it could also be a development of new customer segment through serendipitous association with a key person. In many cases, those golden opportunities come from either people around or contingencies and thus, novice entrepreneurs should have a hungry, flexible mindset towards opportunities that occur with fortuitous timing.

When it comes to guidance on decision-making, it would be important for the novice entrepreneurs to have a basic viewpoint in the first place that the future is unpredictable. Therefore, their decision-making should be done on the strong will to control as a pilot. They would probably need to make strategic decisions by following the theories, framework, and strategies found in textbooks and it should somewhat help. However, they do not need to be afraid of making decisions based on the intuition and own experience if they are aware of the tolerance of risk, which is one of the key findings of this study. There are mainly two factors that could affect their entrepreneurial decision-making in a positive way. One factor would be a contingency. Their entrepreneurial decision-making can be shaped by contingencies, including fortuitous events, circumstances, and encounters that cannot be predicted. The other factor could be co-creation or cooperation with reliable business partners and stakeholders.

This study shows those Japanese entrepreneurs listen carefully to someone whom they know well and trust while having their own unique belief and a way of thinking. Being aware of these factors would definitely help novice entrepreneurs' decision-making in nearly every situation of their entrepreneurial journey.

The guidance from the viewpoint of opportunity recognition and decision-making is highly related to the idea of effectuation theory. This could be absolutely utilized by novice Japanese entrepreneurs in Finland as mentioned above. Plus, business entities or organizations that help Japanese entrepreneurs get into the Finnish market could also gain some insights from this study in the situation where more business activities between those two countries are expected due to the fact that 2019 is the 100-year anniversary of the friendship. In addition to those players, this study could provide learnings to other immigrant entrepreneurs in Finland in a sense that both novice Japanese entrepreneurs and other novice foreign entrepreneurs need to start with fewer resources in the different culture. Also, it would be important to take into account the fact that the philosophy of effectuation should be especially effective for those who have small resources.

6.3 Future research

The uniqueness of the topic of this study could be associated with limitations of the research. First, different kinds of entrepreneurial behaviour might be found in other industries and business sectors as each of them have its own sense of value, the frame of mind, and distinctive ways of thinking. Second, one of the basic research conditions, a country, could be another limitation of this study. As previous research reveals that entrepreneurial behaviour can be linked with personal identity, we would find gain different results and research findings if the research is conducted in other countries where the entrepreneurs seem to have different backgrounds. In addition, it would be necessary to take into account the fact that all of the main subjects of this study were Japanese entrepreneurs who were born and raised in Japan and immigrated to Finland, which is a quite unique background that might have somewhat influence on the entrepreneurial behaviour. For those reasons, future research could conduct qualitative studies about the use of effectuation and causation aiming at entrepreneurs in other industries and countries with different backgrounds. If it reveals differences in the research result and findings, such as a balance of the use of effectuation and causation, with this study, it would be intriguing to explore the background or the possible reasons behind them and those additional research will surely lead to further development of research of entrepreneurship and effectuation.

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