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# An Empirical Investigation To Achieve Sustainability Of Enterprise Economic Performance Through The Process Of Effectuation

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## Abstract

This study aims to ascertain whether effectuation serves as a method for ensuring an organization's long-term financial survival from the viewpoint of a self-motivated entrepreneur. The study is quantitative, causal, and cross-sectional in nature. The study focuses on small and medium-sized enterprises (MSME) in Pakistan. This study's unit of sample is the owner and key employee who play a critical role in MSMEs. Between June and December 2021, information was acquired from 306 business owners and professionals in the Islamabad region's MSME and technology firms using an online questionnaire. Purposive convenience sampling was employed. The results of all the variables were found to be statistically significant. Practical implications and future research direction are mentioned below.

**Keywords:** Sustainability, Enterprise Economic Performance, Process of Effectuation

## Introduction

The entrepreneurship literature has been enriched by the publication of an increasing number of research on the impact of characteristics such as founder attributes, skill sets, the entrepreneur echo system, etc., on the success of entrepreneurial companies. Rare literature exists on the economic performance of micro, small, and medium-sized enterprises (MSME). Due to the complexity of sustainability issues and the many objectives of individuals working on them, most of these problems are finally addressed through experimentation. The name Ramesh Sarasvathy (2019).

Every great entrepreneur is motivated by their enthusiasm. Motivation causes an organization's members to collaborate toward a common objective. It is possible that promoting zeal in the culture of one state will have unexpected results in another. Neneh (2020). (2020). (2020).

Increasing numbers of scholars are examining the field of entrepreneurship, leading to the testing of numerous theories. However, as Sarasvathy (2001) convincingly demonstrates, entrepreneurial effectuation is conceivable. According to her, this aspect of entrepreneurs is largely unexplored although it appears to be essential for firms' long-term success. Sarasvathy (2001) described in her effectuation theory how entrepreneurs make due with few resources in order to establish themselves in the marketplace. Due to Pakistan's status as a developing nation with a large population, the majority of Pakistani business owners, especially in the early phases of their ventures, confront significant obstacles. The answer is in effectuation, which offers a variety of propositions to secure the longevity of businesses, including experimentation, network alliances, etc.

This study tries to determine whether, from the perspective of a self-motivated entrepreneur, effectuation provides the mechanism for securing an organization's long-term financial viability. Nothing can be accomplished if it cannot be supported economically. Figure 1 depicts how entrepreneurial zeal influences long-term viability via the effectuation process. According to Ajzen's theory of planned behaviour (TPB), the individual's intent is the best predictor of purposeful behaviors such as launching a business (Ajzen 1991). This indicates that beginning a business will be considered an intentional act because it was planned in advance, which makes sense given that intention is a mental state. Entrepreneurial endeavors are what keep a business afloat, and the enthusiasm of its founder is the pivot and driving force behind its longevity. According to this line of logic, there should be a correlation between zeal and lifespan. Neneh (2020).

## **Theory and research hypothesis**

### **Entrepreneurial Passion to Develop**

A strong desire to do so is required to launch a business. Entrepreneurs are motivated by the desire to accomplish both the mission of their business and their own personal objectives. Bayraktar and Jiménez's Hypothesis (2022). According to Cardon et al. (2009), an entrepreneur's passion is ignited when he or she undertakes responsibilities associated with self-defining

positions. Passion in the form of the exceptional model of company development's three dimensions—*invention, founding, and development*—provides the motivation required to successfully recognise possibilities, establish firms, and grow those businesses (Cardon et al., 2009). Entrepreneurship is a choice that requires faith and commitment. Sesen (2012).

Cardon and Kirk contend that enthusiasm is the single most crucial ingredient in a new business's success (2015). Passion is what will sustain a business through the inevitable economic fluctuations. Entrepreneurs place a high importance on passion due to its status as a tenacious centralizing tendency. As Vallerand et al (2003).

Across the board, entrepreneurial zeal can enhance employee morale and productivity. Williamson (2022). ). This is a reiteration of the TPB ethos: having a strong entrepreneurial drive is strongly related to growth-oriented goals. Qian et al (2021). Entrepreneurial companies will be motivated to extend their operations by engaging in rigorous activities such as resource acquisition and business incubation. The current study is predicated on the concept that entrepreneurs' desire for growth is a significant element in the sustainability of their company's bottom line.

### **Sustainable Enterprise Performance (Dependent Variable)**

Sustainability is generally viewed as a potential new area of research and industry when compared to the several fields and technology of today. There is a need for additional research to establish a consistent understanding of the term "sustainability," which has numerous meanings and interpretations. The World Commission on Environment and Development produced the Brundtland Report in 1987. Sustainable development is development that considers future generations' resources when identifying environmental efforts, according to Glavic and Lukman (2007), who aim to classify sustainability from policy and systems to individual approaches and concepts. Specifically, they distinguish "social," "economic," and "environmental" as three different and crucial elements. Kwon, O. (2020).

The majority of people underestimate how difficult it is to launch and maintain a successful business. Twenty-one percent of startups failed in the year Batada (2021), while thirty percent did not bother to return the following year. Fifty percent of startups see a decrease by the fifth year, and just thirty percent survive to the tenth. The findings indicate that a company can only consider social and environmental sustainability after achieving economic sustainability. Since the other aspects of sustainability depend on economic sustainability, that will be the focus of this study.

### **Effectuation (Mediator)**

With the exception of manageable loss, all dimensions are positively and significantly associated to the performance of endeavors, indicating that effective principles transfer organizationally beneficial occurrences. Read et. al (2009). To succeed amid uncertainty, particularly for new enterprises, entrepreneurs must take the initiative to create opportunities with the assistance of

their partners and networks. This crucial method is called as effectuation. In the context of a new business venture, effectuation is an attractive lens because it gives normative problem-solving solutions that are deiform effectively under unpredictable settings. Effectuation offers a unique viewpoint on a variety of contemporary marketing and finance issues, including those involving co-creation, unpredictability, and limited resources. in addition to, et al (2020). The cognitive science of effectuation has been transformed into a highly convincing technique for determining how a new firm responds to uncertain situations. The law firm of Rouse & Kitching (2020). Instead of considering all possible exits, effectuation examines existing ways to identify how they can generate opportunities. Instead of simply calculating the opportunity cost, it takes into account the entrepreneur's risk tolerance and helps them calculate how much of a hit they can withstand in order to succeed with a lucrative enterprise. To establish a broader network of stakeholders, partnerships with suppliers, consumers, and even rivals can be forged. These objectives can be attained since they are changeable. Because it is not always possible to obtain resources to reduce uncertainty, an effective approach explains how to act and make decisions for the unique outcomes based on the available information and resources. Scientists Kalinic et al (2013). This research is primarily concerned with the specifics of effectuation and its effect on a company's financial viability.

### **Entrepreneurial development Passion and Economic Sustainability**

Sustainability, in economic terms, is the establishment of a business model that allows an organization to meet the needs of its stakeholders while minimizing its negative influence on the environment. A. Sannino et al (2020). Review of the relevant literature reveals a paucity of efforts committed to assuring the long-term financial viability of entrepreneurial and interest-based endeavors. This research seeks to fill a gap in the existing literature by examining the relationship between the zeal with which entrepreneurs pursue business expansion and their long-term economic sustainability.

H1 Entrepreneurs passion has a positive effect on economic sustainability of enterprise

### **Entrepreneurial Passion and Effectuation**

In principle, the entrepreneur's passion simplifies the intricacies of the decision-making process, which aids the entrepreneur in achieving the enterprise's lofty goals. Since passion is complex, it is essential to ascertain which type of entrepreneur's passion is required for the logic of decision making. There are still theoretical gaps that prohibit us from comprehending why and when new business owners employ good decision-making reasoning. A. Stroe et al (2018). This study tries to address that void by employing effectuation to discover the precise role that entrepreneurs' passion for advancement plays in maintaining the economy's long-term sustainability. This study aims to determine how effectuation as a variable affects the economic viability of businesses and how the numerous elements of effectuation contribute to their economic viability due to the commitment of their respective entrepreneurs.

Such a proposal was made by effectuation. As a network of peripheral members, the effectuation dimension comprises a grasp of a possible market, the appropriate use of technology, and the suitable approach to the transaction. Knowing how to employ effectuation is of tremendous use when attempting to identify a prospective business owner. Aspiring entrepreneurs may join the partner network either directly or through the relationships of existing network members. Takata (2022). (2022). (2022). In the framework of effectuation, a non-predictive mechanism, it is unnecessary to predict the future if the results can be modified in advance (Sarasvathy, 2001). In certain circumstances, non-predictive control may be preferable to predictive approaches. Effectuation purports to give a foundation of empirical ideas that places an emphasis on establishing and guiding answers to ambiguity. Effective philosophies lay a greater emphasis on current capacities than on future anticipations (Perry, Chandler, & Markova, 2012; Sarasvathy, 2001, 2008).

H2 Entrepreneurs passion has a positive effect on effectuation

### **Effectuation and Enterprise Economic Sustainability**

Sarasvathy and Ramesh contend that effectuation's stakeholders can transform market failures into long-term solutions through a process of self-selection (2019). The effectuation theory extends the train and motive theories to provide a model of sustainability based on the self-selection of a network of stakeholders who are likely to contribute to the enterprise's long-term existence.

Effectuation is evolving through the academic perspective of entrepreneurship literature. While it is evident that successful actions have a positive impact on the long-term viability of an organization, few studies have studied the prospect of incorporating effective approaches to sustainability. The orientation of a sustainable organization considerably benefits from the application of efficient procedures. Johnson's and Horisch's Works (2021). In the pursuit of long-term economic viability, an organization might pursue a number of practical pathways through the effectuation process, including the acquisition of pertinent knowledge, relationships, and data. The actual outcomes of this method may differ significantly from what was originally anticipated. "Johnson & Horisch" (2021). Collaborations have the potential to dramatically influence the growth and sustainability of enterprises and their outputs. Moss (2022).

As a result of the increased complexity and velocity with which technology is disrupting industries, businesses are under pressure to forge new alliances and adapt more rapidly to market upheavals. As a result, some companies are leaning toward more robust strategic relationships. The introduction of innovative products based on engineering is one of the most vital parts of corporate and national success. Noori et al (2009). (2009). This study provides the following hypothesis to explain the relationship between passion and sustainability by investigating the process of effectuation and assessing whether or not its components serve as mediators.

H3: Effectuation has a positive relation with sustainable economic sustainability of enterprise

H4: Effectuation mediates the relationship of development passion and economic sustainability of enterprise

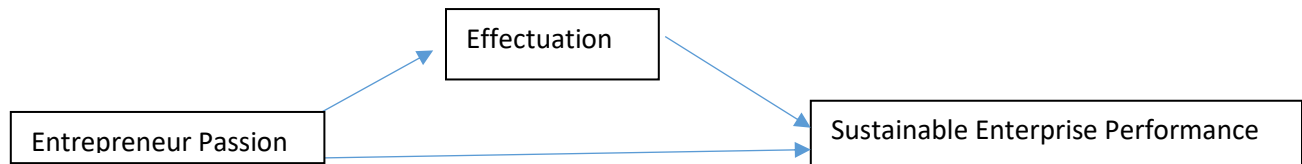
H5: Effectuation-experimentation mediates the relationship of entrepreneur passion and on economic sustainability of enterprise

H6: Effectuation-flexibility mediates the relationship of entrepreneur passion and on economic sustainability of enterprise

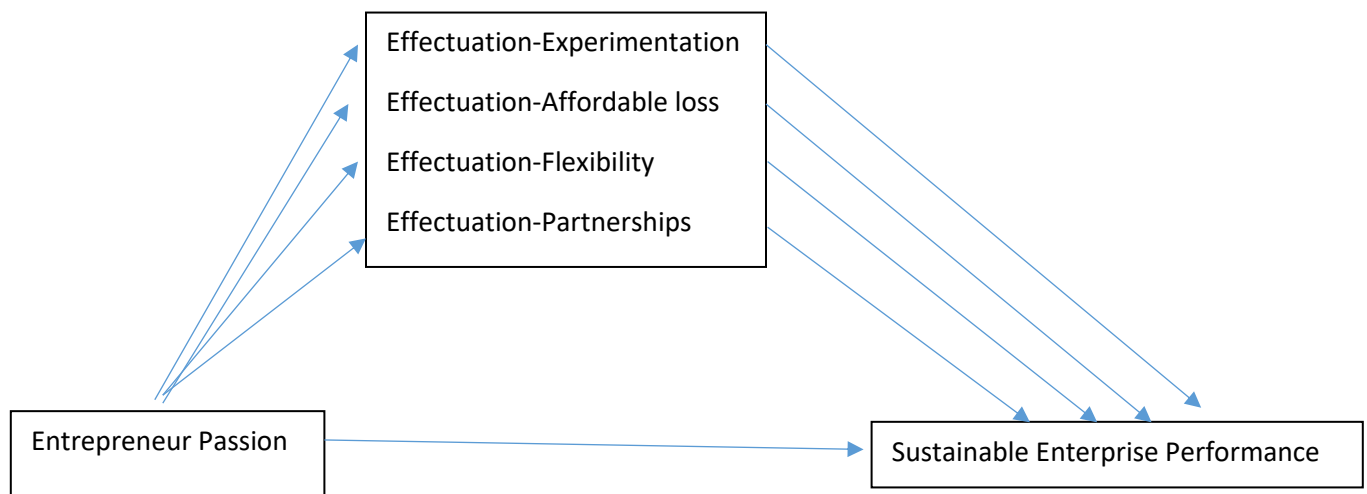
H7: Effectuation-affordable loss mediates the relationship of entrepreneur passion and on economic sustainability of enterprise

H8: Effectuation-partnership mediates the relationship of entrepreneur passion and on economic sustainability of enterprise

**Figure 1 Conceptual Model**



**Figure 1a Conceptual Model**



## **Methodology**

### **Research Design**

The study is quantitative, causal, and cross-sectional in nature. The survey method is used to collect data in an uncontrolled setting in order to establish the relationship between entrepreneurial zeal and firm lifespan.

### **Sample and Data collection**

This investigation focuses on small and medium-sized enterprises (MSME) in Pakistan. This study's unit of sample is the owner and key employee who play a critical role in MSMEs. Between June and December 2021, information was acquired from 306 business owners and professionals in the Islamabad region's MSME's and technology firms using an online questionnaire. Purposive convenience sampling was employed to choose the samples, as recommended by Sivathanu and Pillai (2019). The sample was completed using in-person visits to several Rawalpindi and Islamabad business districts in addition to online surveys. Respondents were deemed appropriate for the study because they were either executives, business owners, or decision-makers at MSMEs.

### **Measures**

All the constructs measured on multi-item 5-point Likert scales, unless otherwise indicated, based on existing tested scales from previous researches.

### **Entrepreneurial passion (Independent Variable)**

Cardon et al's scale (2013) for measuring a person's interest in entrepreneurship was utilized. This study was conducted to determine the impact that cultivating passion has on the economic viability of an enterprise. For instance, "I enjoy finding the right people to sell my product/service to" (= 0.733) is one of four questions used to calculate reliability statistics for entrepreneurs' zeal for expanding their enterprises. Using SPSS version 25, the construct's reliability was analyzed, and participants responded to all measures on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The study's sample population consisted of owners and high-level executives from both new and established enterprises.

### **Enterprise Economic Sustainability**

Sivathanu and Pillai's (2019) research on the long-term viability of corporate operations reveals four significant findings, including the following: - Each year, our revenues increase = 0.801

### **Effectuation (Mediator)**

Effectuation was measured using a scale developed from Chandler et al., and the impact of effectuation as a mediator on the economic sustainability of firms was studied using previous measurements of component variables (2011). Fifteen distinct effectuation types can be utilized

to produce dependability statistics. Using a questionnaire containing fifteen items, we calculated the effectuation scale reliability (= 0.87).

**Table 1: Reliability**

	Variables	No of Items	Cronbach Alpha
1.	EP-Development	4	0.733
2.	SEP- Economic	4	0.801
3.	Effect	15	0.871

### Control Variables

In this research, we accounted for a variety of confounding variables (Table 2) that could affect the firm's long-term viability. The company's age was established by counting the number of years since its creation. Based on the size of their workforces, organizations can be categorized as micro, small, or medium. 42% of enterprises had 10 or fewer employees; 27% were classed as small businesses (50 employees or fewer); and 13% were medium-sized businesses (100 employees). It is essential to research the business sector to discover which industries are most conducive to innovation (1 = ICT; 2 = manufacturing; 3 = HR, training, and consulting; 4 = transportation and logistics). five equals alternative energy to energy 6 - Medical care, drugs, etc. 7 = Consumes food and drink 9 = Products, 9 = Noncommercial, 10 is Textiles/Clothing, 11 is Trading/Export/Import, and 12 is Other. 40% of respondents worked in information technology, 38% in manufacturing, and 11% in training and education. The respondents' ages were categorized as follows: 25% equals up to 25 years of age, 40% equals up to 35 years of age, and 20% equals 45 years of age. Sex (with 1 for male and 2 for female) (with 1 for male and 2 for female), The breakdown by gender was as follows: 26% are male, 56% are female, and 4% are other.

Degree of education attained (1–12 years, 2–16 years, 3–18 years or more).

Regarding their highest level of education, 47% of respondents had only completed high school, 14% had earned bachelor's degrees, and 18% had earned master's degrees or above. 56% of respondents were either owners or founders, 25% were executives, and 8% were general managers with substantial input or authority over their companies' operations.

**Table 2: Descriptive Statistics**

		Frequency	Percentage
1. Gender	Male	82	25.5%
	Female	178	55.5%
2. Age	Upto 25 years	81	25.2%



	26 to 35 years	135	42.1%
	36 to 45 years	66	20.6%
	46 to 55 Years	11	3.4 %
	55 and more	11	3.4 %
3. Education	Upto 12 years of education	150	46.7%
	14-16 years of education	46	14.3%
	18 or more years of education	59	18.4%
4. Experience	Upto 3 year	178	53.8%
	4 to 6 years	58	18.1%
	7 to 10 years	37	11.5%
	11 and more years	21	6.5%
5. Industry	Information and Communication technology	127	39.6%
	Manufacturing	122	38.0%
	Education, training and consultancy	36	11.2%
		1	0.3%
		16	5.0%
6. Firm Age	Transport and Logistics	135	42.1%
	Health care and Pharmacy	91	28.3%
		39	12.1%
		41	12.8%
7. No. of Employees	Upto 3 year	136	42.4%
	4 to 6 years	88	27.4%
	7 to 10 years	43	13.4%
	11 and more years	179	55.8%
8. Designation	Up to 10 Employees-Micro Organisation	79	24.6%
	11-49 Employees Small Enterprise	27	8.4%
	51-250 Employees Medium Enterprise	14	4.4%
		6	1.9

Owner/ partner  
 Executive level  
 General Manager  
 Functional Manager  
 Front line Manager

## Analysis and discussion of Results

The values of the variables are correlated with one other as EP progress to the dependent variable, as seen in table 3. The table demonstrates that the effectuation dimensions are positively correlated with both the dependent and independent variables: effectuation-experimentation (0.354\*\*), effectuation-affordable loss (0.254\*\*), effectuation-flexibility (0.375\*\*), and effectuation-partnership (0.388\*\*). Economic viability is correlated with a loss of.370, adaptability with.397, and collaboration with.430. Each finding is statistically significant, giving rise to its distinct variation in the outcome variable. If the correlation coefficient is 1, then the service is identical to that provided by effectuation and does not distinguish itself in any way.

**Table 3. Correlations**

Correlations	EPDev	SepEcn	Effect	EffctExp	EffctAls	EffctFlx	EffctPtr
EP Development	1						
Sep Economic	.445**	1					
Effect	.447**	.499**	1				
EffctExp	.354**	.327**	.718**	1			
EffctAls	.254**	.370**	.765**	.484**	1		
EffctFlx	.375**	.397**	.812**	.458**	.550**	1	
EffctPtr	.388**	.430**	.797**	.394**	.413**	.514**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## Regression Analysis

Using Andrew Hayes's process model 4, the study of mediation between the independent variable of monetary sustainability of firms and the indirect variable of entrepreneur excitement was undertaken. This hays approach is particularly beneficial for mediation analysis due to the mediation process's usage of bootstrapping to combine direct and indirect effects simultaneously and display them alongside one another. By utilizing this strategy, the program became superior than rivals.

This is the first study of its kind to examine the influence of mediator effectuation utilizing the process model devised by Sarasvathy (2009) to estimate the effect of EP on economic sustainability (2009). The research also assesses the effect of four effectuation process construct on economic sustainability: experimentation, affordable loss, flexibility, and networking. All models in the analysis statistically significant P values, thus are positive.

Table 4's Model 1-4a illustrates the impacts of the mediating variable (passion for business development as an independent) on the dependent variable (entrepreneurial drive). R2 (.1995) is statistically significant and positive (P 0.0001), and T2 (>1.96) is also statistically significant. The R square value for the relationship between the independent variable "entrepreneurial zeal" and the dependent "mediator" "effectuation" is around 20% more than zero, indicating a large degree of freedom. The 0.3803 value obtained for the coefficient of determination (EP to effectuation) supports the findings of this study that predictors can exert a substantial amount of influence over the outcome variable effectuation, and the regression model can be considered significant because all of the variables tested had significant P values.

Model 2 4b in table 4 describes the effect of IV-EP on the economic sustainability of DV firms. The value of P is found to be statistically significant when curiosity is regressed on corporate profitability. Co-effect values of 0.4973 suggest an increase in influence, and R2 has increased from 0.1995 to 3.106.

The influence of Entrepreneur Passion on Enterprise Economic Sustainability as Determined by a Direct Effect Model and a Four-Dimensional Table has Significant Implications. Lower level of confidence interval (LLCI) and upper level of confidence interval (ULCI) are both positive and pointing in the same direction, indicating an effect size of 0.3135%. The indirect effect model 4e of EP's table 4 regarding mediator effectuation has a statistically significant value of 0.1891. In model 4d, table 4 depicts the direct impact EP coefficient to be 0.3135, the indirect effect EP coefficient to be 0.1891 and the total effect to be 0.5026, confirming the mediator's positive effect. At a confidence level of 95%, the data are statistically significant. The mediation results confirm the presence of a causal relationship between entrepreneurial enthusiasm and effectuation and businesses' long-term success.

**Table 4.** Effect of Entrepreneurs development passion on effectuation

**Model 1- 4.a** IV EP with Mediator Effectuation

Effect	R2	SE	P Value	LLCI	ULCI
.3803	.1995	.0437	.0000	.2943	.4662

**Model 2- 4.b** IV EP with DV Sustainable economic performance

Effect	R2	SE	P Value	LLCI	ULCI
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.4973	.3106	.0707	.0000	.3582	.6365
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**Model 3- 4.c** Total effect of X on Y (IV &M-EP and Effectuation with DV Sustainable economic performance)

Effect	SE	t	P Value	LLCI	ULCI
.5026	.0580	8.6656	.0000	.3885	.6167

**Model 4- 4.d** direct effect of X on Y (EP with DV Sustainable economic performance)

Effect	SE	t	P Value	LLCI	ULCI
.3135	.0602	5.2071	.0000	.1950	.4320

**Model 5- 4.e** indirect effect of X on Y (EP and effectuation with DV Sustainable economic performance)

Effect	SE	LLCI	ULCI
.1891	.0475	.1051	.2916

All of the hypotheses should be accepted because the evidence support them. The dedication of a company's founders to its growth has a significant impact on its long-term financial performance, H1. Entrepreneurs' commitment to expansion impacts performance (H2). There is a positive relationship between effectuation and the long-term financial health of companies. Effectuation mediates the relationship between entrepreneurial passion and long-term financial performance.

As noted previously, the positive effects of EP development on the economic viability of businesses have been established through the mediation of effectuation. This study investigates the outcomes of effectuation as a process in greater depth, analyzing the role of effectuation's distinctive qualities in the long-term performance of enterprises. Therefore, the individual performance of the effectuation dimension is explored further to get insight into the mediation process and its respective contributions (see table 5).

There is a direct association between the extent to which entrepreneurs care about development and the mediator's ability to impact change, which explains all of the significant findings. The EP development R2 value of.1251 suggests that the correlation between the two can influence mediation outcomes by 12%. Correlation coefficients and confidence intervals indicate that experimental relationships have a 40% direct influence on mediation. Loss of affordability, on the other hand, has less impact on daily living. In addition, the confidence intervals are

converging in the same direction, indicating that the results are still remarkable. The direct effect results of flexibility and partnerships are also statistically significant, with R2 values of 0.1410 and 0.1522, respectively, suggesting a positive and statistically significant correlation between the two variables and the absence of a confidence interval with a zero-setting. The coefficients of 0.3849 and 0.4002 indicate that interest in business development has a positive direct effect on the outcome variables.

**Table 5:** Effect of Entrepreneurs Development Passion on Effectuation Dimensions

**Model 1-5.a** IV EP with Mediator 1 Effectuation-Experimentation

Effect	R2	SE	t	P Value	LLCI	ULCI
.4060	.1251	.0619	6.559	.0000	.2842	.5279

**Model 2-5.b** IV EP with Mediator 2 Effectuation-Affordable loss

Effect	R2	SE	t	P Value	LLCI	ULCI
.3192	.0667	.0688	4.638	.0000	.1838	.4546

**Model 3-5.c** IV EP with Mediator 3 Effectuation-Flexibility

Effect	R2	SE	t	P Value	LLCI	ULCI
.3849	.1410	.0548	7.029	.0000	.2771	.4926

**Model 4-5.d** IV EP with Mediator 4 Effectuation-Partnerships

Effect	R2	SE	t	P Value	LLCI	ULCI
.4002	.1522	.0544	7.3512	.0000	.2931	.5073

Table 6 examines the global, direct, and indirect impact of entrepreneurs' desire for progress and effectuation on their businesses' long-term financial success. All three sets of findings (direct, indirect, and total) exhibit statistically significant P values; the T value is greater than 2; the Boot confidence interval is also converging, indicating a positive relationship and mediation between the IV and DV. Comparing the values of a direct effect relationship to total direct effect relationship reveals that they are distinct. In light of the indirect and direct effects is greater than the direct effect alone (.3209), we conclude that mediation occurs. The direct effect of the effectuation variable is 0.3135, the indirect effect is 1.891, and the total effectuation dimension effectuation values are 0.5026, which are pretty similar. Items 4a experimentation and 4c flexibility produce opposite confidence interval signals when the zero value is reached,

which indicates that mediation is not occurring. These variables have a direct and significant effect on entrepreneurial desire. Still, the confidence intervals for effectuation experimentation and flexibility are negative, indicating that they do not mediate the relationship.

Although there is a positive correlation between development passion and effectuation, the results do not support the hypothesis (H5 and H7) that experimentation and flexibility mediate the relationship between development passion and effectuation. The beta values of the effectuation of affordable loss and collaborations are correlated favorably with the IV development passion and the DV sustainable economic performance, respectively (H6 and H8). The data in table 6 indicate that the variables .0422 and .0838 moderate the relationship between an entrepreneur's drive for growth and the financial performance of their business.

**Table 6:** Impact of dimensions of effectuation on enterprise economic sustainability

Sr. No	Variables	B	SE	T	P	Boot LLCI	Boot ULCI
1.	Total effects	.5015	.0580	8.6387	.0000	.3872	.6157
2.	Direct effect	.3209	.0614	5.2302	.0000	.2002	.4417
3.	Indirect effect	.1805	.0495			.0911	.2855
4a.	Effect-Experiment	0.147	.0261			-.0372	.0655
4b.	Effect-Affordable loss	.0422	.0221			.0059	.0924
4c.	Effect-Flexibility	.0399	.0312			-.0171	.1053
4d.	Effect-Partnerships	.0838	.0310			.0272	.1484

## Conclusion and Recommendation

The level of enthusiasm a company's founders has for the company's expansion has a significant effect on its economic viability. When paired with effectuation, development zeal produces even greater results. This study is unique because of the paucity of research that puts the same emphasis on the effectuation and sustainability of enterprise economic performance. The data reflect this model's shown potential to enhance the long-term financial success of a firm.

The desire of an entrepreneur to see their business prosper and endure over time is known as "development passion," and it can be the key to long-term success. In contrast, effectuation is the technique by which long-term viability can be achieved. This study concurs with the suggestions provided by Sarasvathy and Ramesh (2019) that effectuation can move a business from market failure to sustained success through the self-selection of its stakeholders. According to Johnson and Horisch, effective behaviors positively promote a sustainable mentality (2021). The study then examines how the affordable loss principle and partnerships can produce greater results than the other two effectuation dimensions (i.e., experimentation and flexibility). Read et al. (2009) found that while acceptable loss is not significantly related to the performance of new

ventures, other factors are. According to Sarasvathy and Ramesh (2019), an entrepreneur can achieve long-term commercial success by focusing more on loss management and interpersonal interactions, as suggested by this research.

The outcomes of this study indicate a correlation between effectuation, passion, and firms' economic viability, with effectuation particularly crucial for startups. Based on these findings, Sara Sarasvathy's (2009) hypothesized process variable of effectuation cannot be used as a mediator; only attributes of passion are required for success. Every entrepreneur should have access to a tried-and-true process for attaining their objectives. For organizations to endure economically, effectuation is essential. The research suggests that effectuation is a full mediator between zeal and lifespan. The findings offer support to Ajzen's (1991) TPB, which relates developmental enthusiasm with goals and activities such as long-term financial success. This study discovered a direct correlation between the activities of passionate business owners and the long-term performance of their organizations.

By focusing on the particulars of regression research, one can acquire a greater knowledge of effectuation and its location in the context of an entrepreneur's motivation. Particularly important is the study's guidance for young business owners on applying the effectuation model to the path to sustainability. This study questions the notion that entrepreneurs are solely responsible for economic sustainability. Instead, it views sustainability as an iterative process in which all interested parties can participate. The idea implies that entrepreneurs develop a pool of resources in order to achieve economic sustainability with the help of multiple stakeholders.

### **Academic and Practical Implications**

Effectuation is not a novel concept; entrepreneurs have utilized it for years. Nonetheless, this concept is rather novel in our educational institutions. Despite their familiarity with the cause-and-effect model, the majority of our faculty maintains that innovation and sustainability are both unattainable without substantial financial support. This study contributes to the existing body of knowledge by giving empirical evidence in support of Sarasvathy's effectuation model (2009). Since the majority of enterprises are operated by young, resource-constrained entrepreneurs, our research can teach them how to maximize their economic impact by employing effectuation intelligently. Entrepreneurs make excellent use of effectuation in a practical setting. However, this paradigm is not commonly acknowledged in the academic world, and a dearth of studies must be completed and comprehended by educators and researchers before it can be implemented.

The outcomes of this study establish the effectuation process as a beneficial tool because it fully mediates the relationship between an entrepreneur's drive for growth and the business's long-term success. On the basis of the findings, the effectuation model should be incorporated into entrepreneurship curricula, and students should be instructed and guided to launch their enterprises utilizing effectuation principles. It can serve as a set of guidelines for the entrepreneurial faculty as they incorporate the impact model into their curriculum.

According to the information at hand, this paradigm is not only beneficial, but also popular among business experts. To make this model effective in the academic world, further information must be supplied. Entrepreneurs with limited resources or restricted resources can use the concept to their advantage by tapping into the effectuation framework and its network of resources. If future research focuses on a different industry and incorporates qualitative aspects, it may be possible to get additional insights into the dimensions of the study variables. If the process of effectuation can be scaled up, then the time series can also be investigated.

### **Limitations and future research**

The unexpected finding that productive behaviors such as experimenting, affordable loss, and adaptability enhance sustainability orientation necessitates additional qualitative research into (alternative) possible reasons of this phenomena. Following the preceding line of thinking, this can be performed by examining whether and how flexibility and experimentation supported sustainable entrepreneurs in bolstering their venture's sustainability orientation. Our findings contradicted conventional thinking, but we were able to explain them by assuming that businesses committed to sustainability would similarly prioritize sustainability in their alternative ideas. This line of thought argues that future research should replicate ours but focus on conventional enterprises rather than sustainable ones, which cannot be expected to have the same level of sustainability orientation.

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