

# The Influence of National Culture on Entrepreneurial Decision-Making: Effectuation and Causation in the Estonian Context

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## ABSTRACT,

This research explored the influence of national culture on the preference for effectuation or causation strategies among Estonian entrepreneurs. The research explores the decision-making processes of Estonian entrepreneurs to understand how cultural characteristics shape their strategic approaches. Utilising qualitative research methods, including six semi-structured interviews with entrepreneurs of varying experience levels, the data was analysed using abductive coding techniques.

The findings reveal that Estonian entrepreneurs blend effectuation and causation in their everyday decision-making. Gut feeling and intuition are heavily relied upon for decisions, aligning with effectuation principles, while systematic analytical approaches are employed for complex and long-term decisions, reflecting causation strategies. This hybrid approach balances applying both strategies depending on the context. Generational differences emerged as a significant factor influencing decision-making styles with older entrepreneurs, with more established businesses and greater responsibilities, tend to combine intuitive decisions with analytical validation to mitigate risks, whereas younger entrepreneurs, who typically face lower stakes, are more inclined to rely on intuition alone while also showcasing a higher risk tolerance and adaptability. The research contributes to the understanding of using decision-making strategies, highlighting the importance of a hybrid approach in the dynamic business environment of Estonia.

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## Keywords

Entrepreneurial decision-making, Effectuation, Causation, Generational differences, Estonian entrepreneurs, National culture.

# 1. INTRODUCTION

Estonia has always been a very innovative country, from developing digital solutions in the USSR days of the 1980s to pioneering e-Residency and companies like Skype. Estonians take pride in being known as one of the most innovative and technologically advanced countries in Europe, if not the world. This is a direct result of the government using the country's small size and educational heritage to focus government resources on technology that creates even more innovation (Guillermo, 2016). This forward-thinking approach has positioned Estonia as a leader in technological and business innovation (Mereu, 2023). This research explores the intersection of culture and entrepreneurship in Estonia, a country whose rapid transformation from a post-Soviet economy to a globally recognised digital hub provides a unique backdrop for studying how core cultural values influence entrepreneurial decision-making. According to Inglehart's theory of modernization and post modernization, societal values shift from survival to self-expression as economies develop and become more secure (Inglehart & Baker, 2000). Estonia has experienced economic growth and has embraced its digital innovation which exemplify this transition. This framework helps to contextualise Estonia's shift towards a more innovative and entrepreneurial culture as it has developed economically and technologically.

There are multiple frameworks used to analyse entrepreneurial decision-making strategies, such as effectuation, causation, and bricolage. Effectuation and causation, two approaches that were proposed by Sarasvathy (2001), are particularly relevant to this research due to their foundational basis in managing uncertainty and resources, which are highly important in the rapidly evolving Estonian economic landscape (Mereu, 2023). Effectuation and causation are two contrasting decision-making frameworks. Effectuation is a process used by entrepreneurs under conditions of uncertainty, where outcomes are unpredictable while causation, on the other hand, is a more traditional approach where entrepreneurs set specific, clear goals from the start and then focus on the means to achieve these goals (Chen & Xu, 2022; Sarasvathy, 2001).

Effectuation focuses on leveraging existing means and building on emerging opportunities, which aligns closely with the Estonian cultural emphasis on being resourceful and adaptable. Causation involves setting clear goals and taking calculated risks to achieve them, reflecting the strategic planning and risk assessment that are also valued in Estonian business practices. The effectuation approach is part of emergent strategies (Brinckmann, 2010). Bricolage is another example. However, effectuation is emphasised over bricolage because, while bricolage showcases individual agency and consciousness through resourcefulness and originality, it often lacks the structured goal orientation of causation and the systematic network utilisation of effectuation (Phillimore et al., 2018).

Both effectuation and causation are widely recognised and researched in the field of entrepreneurial studies, however there is a gap in the understanding how these two strategies are being influenced by cultural factors, particularly at the national level. The bulk of the research focus on the strategic outcomes of using effectuation and causation, not considering the cultural contexts that can predispose entrepreneurs to favour one approach over the other.

Focus for this research is particularly put on how the dimensions of individualism vs. collectivism and in-group

collectivism influence entrepreneurial decision-making. These dimensions are especially critical as they reflect core cultural values that may significantly influence the orientation of entrepreneurs towards either leveraging existing means (effectuation) or pursuing predefined goals (causation) (Hofstede, 2011; Sarasvathy, 2001).

This paper looks into the cultural context of entrepreneurship in Estonia. Culture, as defined by Hofstede (1980, p. 3), refers to *"the collective programming of the mind which distinguishes the members of one group or category of people from others."* These characteristics encompass various aspects, including language, social habits, music, and arts. However, culture can go beyond these expressions. It also includes the underlying cognitive frameworks and understandings that Estonians learn through socialisation. These shared patterns contribute to a distinct Estonian identity which grows and is fostered by the unique social interactions and behaviours within the group (Pappas & McKelvie, 2022).

National culture is a concept that was popularised by Hofstede (1980). This framework of cultural dimensions goes further to describe the collective programming of the mind which distinguishes the members of one group or category of people from others. It is a well-established model that categorises national cultures with six key dimensions. This paper will put focus on Individualism vs Collectivism because it is particularly relevant to the decision-making process of Estonian entrepreneurs. It reflects core cultural values that may influence the orientation of entrepreneurs towards either leveraging existing means (effectuation) or pursuing predefined goals (causation). This dimension also looks at the core cultural values that relate to autonomy versus group cohesion and personal goals versus collective goals. Understanding how Estonia is positioned on the spectrum of Individualism versus Collectivism can help understand how culture and values in society influence the entrepreneurial decisions (Hofstede, 2011).

Building on Hofstede's framework to understand the cultural practices and values within Estonia this research will also use the GLOBE study's framework. The GLOBE study, conducted by House et al. (2004), categorises cultural dimensions into measurable attributes such as power distance, uncertainty avoidance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation and humane orientation. These dimensions provide a comprehensive methodological tool for looking into cultural influences on entrepreneurship. For this research in-group collectivism can be an especially relevant dimension. This dimension puts focus on the degree to which individuals in a society identify with their organisations or families and prioritise the group's goals over individual pursuits. It is directly tied to the individualism versus collectivism dimension from the Hofstede's model. This allows for a better analysis of how community ties and the emphasis on collective versus individual goals influence entrepreneurs on their decision-making process (Alas, Ruth & Tuulik, Krista. 2007).

When looking more closely into how cultural values influence the preference for choosing between effectuation and causation the intersection of national culture and entrepreneurial decision-making becomes particularly relevant. For instance, cultural dimensions such as uncertainty avoidance and individualism vs. collectivism may play a role in shaping these preferences. These aspects will be explored in more detail in Chapter 2, where it will be discussed how high levels of uncertainty avoidance may lead to a preference for causation strategies due

to a lower tolerance for ambiguity and risk, while societies scoring high on individualism may show a stronger inclination towards effectuation, favouring autonomy and innovation (Anastasiia Laskovaia et al., 2017).

To better understand how Estonian cultural values influence entrepreneurial decision-making strategies, it is important to consider the country's rapid transformation from a post-Soviet economy to a digital hub. Using the GLOBE studies framework, which considers factors such as in-group collectivism, provides a good methodological tool to examine these cultural influences in more detail. To better understand how Estonians are influenced by a history of both Soviet governance and close ties with Western Europe, this kind of approach is necessary to see the interplays between inherited cultural values and modern entrepreneurial practices.

This research investigates understanding the gaps by specifically exploring how Estonian cultural values influence the decision-making processes of its entrepreneurs, focusing on the adoption and effectiveness of effectuation and causation strategies. By exploring the links between these strategies and the cultural values, this paper aims to deepen the understanding into how culture plays a role in shaping entrepreneurial behaviours in Estonia. This can help to provide valuable insights into the unique entrepreneurial ecosystem of Estonia but also contribute to a broader understanding of the interplay between culture and entrepreneurial decision-making across different contexts.

The Research Question:

**How does national culture influence the preference for effectuation or causation strategies among Estonian entrepreneurs?**

Researching this dynamic not only contributes to the academic findings on culture and entrepreneurship but could also offer some practical insights for Estonian policymakers and entrepreneurial educators. Understanding the cultural elements of entrepreneurial decision-making can help the development of support systems and educational programs that can be made to the unique needs of new and young Estonian entrepreneurs, such as mentorship programs. This can help create a more culturally enhanced and innovative entrepreneurial ecosystem.

## 2. LITERATURE REVIEW

This chapter creates the theoretical foundation for this research by examining existing literature on national culture, entrepreneurship, and decision-making strategies, particularly focusing on effectuation and causation frameworks. The aim is to identify key theoretical concepts and frameworks that are relevant to the research. By analysing this literature, it will help to highlight the existing knowledge and the gaps where research on Estonian entrepreneurs can contribute new insights.

Firstly, looking into the causation versus effectuation frameworks, Sarasvathy (2001) challenges the traditional view of decision-making in economics and proposes a new framework called "effectuation" which is especially relevant to entrepreneurs who are facing uncertainty. The key elements of this research are the two logics of decision-making.

Causation: this more traditional logic focuses on trying to predict the future and then selecting the best course of action to achieve a desired outcome. This strategy involves planning and predictive methodologies and is based on existing market data and competitive analysis. Entrepreneurs with a causation

orientation typically focus on exploiting known opportunities through systematic methods.

Effectuation: this framework is completely different to causation. It acknowledges the uncertainty of the future and emphasises acting based on what you can control which are your available resources and partnerships. Entrepreneurs use effectual logic to experiment, learn, and adapt their goals as they go. Entrepreneurs using this approach start with what they have at their disposal (their means), including their skills, resources, and networks, and allow goals to emerge gradually as they start their business ventures and learn from failures. This approach is adaptive and emphasises flexibility and the creation of opportunities through leveraging existing resources and relationships.

The paper also looks at shifting the focus, Sarasvathy argues that economic theory often presents entrepreneurship as a process of exploiting predetermined opportunities. Effectuation, however, highlights the role of entrepreneurs in creating new opportunities through their actions and interactions. While the paper highlights the differences between effectual and causal approaches, it acknowledges that both logics can be used and may even complement each other in different situations. This research article by Sarasvathy laid the groundwork for the theory of effectuation, which has become very influential in understanding how entrepreneurs make decisions under uncertainty. (Sarasvathy, 2001; Chen & Xu, 2022)

Further studies done by Read, Sarasvathy, Dew, and Wiltbank (2009) continue expanding on these concepts. They illustrate how the effectual logic can allow entrepreneurs to remain flexible and open to new possibilities. Wiltbank et al. (2006) also contributed by showing how effectual strategies can lead to better performance in highly unpredictable environments. The paper argues that in unpredictable environments, traditional predictive strategies (causation) may not be as effective due to the inherent uncertainty and rapid changes. Due to this, Wiltbank et al. conclude that effectual strategies can lead to better performance in unpredictable environments because they allow entrepreneurs to adapt to changes and leverage emerging opportunities more effectively than rigid, predictive approaches. Existing literature on effectuation has also been analysed by Arend, Sarooghi, and Burkemper (2015), who highlighted that it is important to understand how effectuation interacts with other decision-making processes such as causation and bricolage. One key finding was that effectuation is not used in isolation, but rather mixed with other processes. They argue that while effectuation is beneficial in uncertain environments, a balanced approach that includes elements of causation can often be more effective. They mention that entrepreneurs gain from integrating both effectual and causal strategies, allowing them to adapt dynamically to varying degrees of environmental uncertainty (Arend et al., 2015).

Looking at the cultural side the paper *Dimensionalising Cultures: The Hofstede Model in Context* by Geert Hofstede (2011) gives a comprehensive overview of the Hofstede's cultural dimensions theory, which has influenced the field of cross-cultural psychology and international business studies. Hofstede introduces the concept of culture as "*the collective programming of the mind that distinguishes the members of one group*" (Hofstede, 2011, p. 3). The paper talks about the development of the Hofstede model, which identifies six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism vs. Collectivism, Masculinity vs. Femininity, Long Term vs. Short Term Orientation, and Indulgence vs. Restraint.

By using the Hofstede model's dimensions, Estonia's cultural background can be analysed to understand its impact on entrepreneurial decision-making styles, specifically through the view of the effectuation vs. causation framework by Sarasvathy. Several studies have explored the relationship between culture and entrepreneurial decision-making such as "Entrepreneurship and Culture" (Per Davidsson, 1995). This work highlights how cultural values can influence risk taking activities, opportunity identification, and resource usage which are all crucial aspects of entrepreneurial decision-making. Similarly, "How do cultural values influence entrepreneurial behaviour of nations? A behavioural reasoning approach (Calza et al., 2020) looks at the culture-entrepreneurship relationship with a new perspective of analysis based on behavioural reasoning theory.

This analysis, however, can reveal how Estonian entrepreneurs could favour either effectual reasoning or causal reasoning based on their cultural backgrounds, such as their level of uncertainty avoidance, individualism vs. collectivism, and long-term vs. short-term orientation. Hofstede clarifies that these dimensions reflect a collection of national preferences in approaching life's fundamental problems, such as social inequality, uncertainty about the future, and the role of the individual versus the group. The dimensions are not only conceptually distinct but also empirically validated through their correlation with various external variables, such as economic development and organisational practices. Hofstede (2011; 2021) discusses the relevance of the model in a globalising world, arguing that, despite technological and economic changes, cultural differences remain significant and enduring.

Recent work by Grégoire and Cherchem in 2019 looks at effectuation as a 'mode of action' rather than a fixed framework, suggesting a subtle approach into looking how cultural contexts shape entrepreneurial practices. This perspective highlights the variability of how effectuation is adopted and used across different cultural settings, influenced by varying emphases on aspects such as risk tolerance, innovation, or resource allocation. These cultural aspects can impact how entrepreneurs in diverse environments engage with effectuation, using it as a strategy that accommodates the specific cultural and economic contexts in which these entrepreneurs operate. This insight opens a new pathway to investigate the influence of cultural contexts on the usage and effectiveness of effectuation as a mode of action by entrepreneurs, offering a deeper understanding of its adaptability and application in a globalised economic landscape. (Grégoire & Naïma Cherchem, 2019)

Connecting Hofstede's cultural dimensions with Sarasvathy's theories makes it possible to explore how cultural values influence entrepreneurs in Estonia to either adapt to emerging opportunities with the resources at hand or to set specific goals and systematically work towards achieving them. By using this combined approach the way Estonian entrepreneurs combine national culture and entrepreneurial strategies can be analysed to understand how they navigate the complexities of creating and managing ventures in a globalised economy. (Hofstede, 2011)

Continuing to build on Hofstede's framework to better understand the cultural practices and values within Estonia, this research will also use the GLOBE study's framework (House et al. 2004). The GLOBE project uses categories to explain cultural dimensions into measurable attributes. GLOBE studies use nine cultural dimensions which are: Uncertainty Avoidance, Power Distance, Institutional Collectivism, In Group

Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation and Humane Orientation. For this, two scales were developed for each dimension by the GLOBE studies project. One of the scales measured actual practices in societies, the second scale measured values, meaning how people would want things to be. For this research, three dimensions are particularly relevant: Uncertainty Avoidance, Individualism vs. Collectivism, and In-Group Collectivism. Although Individualism vs. Collectivism is not part of the GLOBE model, it remains important for this research due to its foundational role in Hofstede's framework and its relevance to entrepreneurial decision-making.

Uncertainty Avoidance shows the extent of which the members in a society try to avoid uncertainty by relying on established social norms and practices. People who live in high uncertainty avoidance cultures tend to try and decrease the probability of unpredictable future events. According to Hofstede (1980), higher levels of uncertainty avoidance in a culture tend to lead to a preference for a structured and predictable approach to decision-making, that aligns with causation strategies, where entrepreneurs set specific goals and make plans to achieve them. In cultures with high uncertainty avoidance, there is a tendency to avoid risks and follow established procedures (Hofstede, 2011).

Individualism vs. Collectivism describes whether people's self-image is defined in simple terms of "I" or "We." In individualistic cultures, "*people are expected to look after themselves and their immediate family only*". On the other hand, in collectivist cultures, "*individuals expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty*" (Hofstede, 2011, p. 11). Cultures that score high on individualism tend to foster autonomy and innovation. This aligns with the effectuation strategy, which emphasises leveraging existing means and adapting to emerging opportunities. Entrepreneurs in individualistic cultures are more likely to take risks and innovate, as they value personal initiative and independence (Anastasiia Laskovaia et al., 2017).

Lastly, In-Group Collectivism shows the extent to which individuals in a society express their loyalty, pride, and cohesiveness in their organisations or families. This dimension is related to the Individualism vs. Collectivism aspect from Hofstede's model, providing more insight into how personal and group relationships, alongside with loyalty impact entrepreneurial behaviour. It helps understand how entrepreneurs rely on their networks and communities for support and decision-making (Alas, Ruth & Tuulik, Krista, 2007).

These dimensions provide a comprehensive methodological tool for looking into cultural influences on entrepreneurship. For this research in-group collectivism (IGC) can be an especially relevant dimension. It is directly tied to the individualism versus collectivism (IDV) dimension from the Hofstede's model. This allows for a better analysis of how community ties and the emphasis on collective versus individual goals influence entrepreneurs on their decision-making process. (Alas, Ruth & Tuulik, Krista. 2007; House et al., 2004; GLOBE Project, 2020)

While Hofstede's framework provides a valuable foundation, the GLOBE study (House et al., 2004) offers a more refined perspective on cultural influences. It continues to expand upon Hofstede's work by examining a broader range of cultural

dimensions across various countries and industries. Estonia scores relatively high on Individualism within Hofstede's framework (Hofstede Insights, 2024), yet it's still crucial to consider the nuances of the Estonian context. Research suggests that despite leaning towards individualism, Estonia also exhibits characteristics of a collectivistic society, particularly within smaller communities (Alas, Ruth & Tuulik, Krista. 2007). This highlights the importance of examining IGC alongside Individualism to gain a more comprehensive understanding of cultural influences on Estonian entrepreneurs. By combining the insights from Hofstede's IDV and the GLOBE study's IGC dimension, this aim for this research would be to investigate how cultural values shape the decision-making processes of Estonian entrepreneurs.

Building on this theoretical foundation, this research proposes two key propositions to guide the investigation:

Proposition 1: Cultures with high Individualism (IDV) are expected to see a stronger preference for effectuation strategies among entrepreneurs. This aligns with the cultural emphasis on autonomy and innovation, which link with effectuation's flexible and adaptive nature.

Proposition 2: In cultures where In-group Collectivism (IGC) is mostly used, entrepreneurs are more likely to favour causation strategies. This reflects the cultural focus on group cohesion and structured methodologies when making decisions, which aligns with the planning and goal-setting aspects of causation. These propositions are based on the understanding that more individualistic cultures promote personal initiative, crucial for effectuation, while collectivistic cultures emphasise group harmony and collective action, aligning with causation.

These propositions will be tested through qualitative data collected from Estonian entrepreneurs. This will allow to gain a deeper understanding of how cultural dimensions like individualism and collectivism influence the practical decision-making processes of entrepreneurs. (Alas, Ruth & Tuulik, Krista. 2007; House et al., 2004; Hofstede, 2011)

### 3. METHODOLOGY

#### 3.1 Research Design

This is a qualitative research paper. The research will involve conducting semi-structured interviews with professionals

working in relevant fields. Entrepreneurial decision-making is an ever-evolving topic that is based on subjective experiences. For this reason, a qualitative analysis through conducting interviews is the most efficient way to bring out the different individual opinions on entrepreneurial decision-making (Shava, et al. 2021). Semi-structured interviews allow for the best possibility to get a deeper understanding of the topic. This method allows for additional questions during the interview that may arise from outside the pre-planned questions (Shava, et al. 2021). This research does involve gathering primary data, meaning ethical approval was requested from the ethical committee BMS of the University of Twente. Ethical considerations, such as informed consent and confidentiality, will be taken into account during the interview process. Participants will be informed of the purpose of the study, the voluntary nature of their participation, and the confidentiality of their responses. Consent will be obtained from each participant before the interviews are commenced.

#### 3.2 Data Collection

##### 3.2.1 Sampling

The participants for these interviews will be chosen by using a convenience sample. Convenience sample is a type of non-probability sampling where participants are selected because of their availability and ease of access for the researcher. This can either mean recruiting participants from locations that are convenient, through online platforms or from existing professional and social networks (Edgar & Manz, 2017). For this research the participants are picked from existing professional and social networks in Estonia. A convenience sample is used for this research since it is the most feasible option based on the limited amount of time available. The participants were chosen based on these criteria; (1) *Interviewees should be entrepreneurs or have entrepreneurial experience.* (2) *The interviewees should have at least a year of experience.* (3) *Half of the interviewees should have more than a decade's worth of experience.* (4) *The interviewees should be aged between 18 and 60 years.* In total six interviews were held with half of them being entrepreneurs who have more than a decade's worth of experience and the other half with novice entrepreneurs. The interviewees were selected from Estonia and were all male. Table 1 gives an overview of the participants for this research with their respective role, industry, and tenure.

**Table 1 Participants Characteristics**

Participant/Role/Tenure	Gender	Industry	Firm size	Function title
P1, CEO, 14 years	Male	Cleaning	50 - 150, medium	CEO
P2, Employee, 5 years	Male	Consulting	50 - 150, medium	Head of Financial Advisory
P3, CEO, 3 years	Male	Health	< 50, small	CEO
P4, Founding Partner, 19 years	Male	Real Estate	50 - 150, medium	Member of the Supervisory Board
P5, Founder, 12 years	Male	Restaurant	50 - 150, medium	CEO
P6, CEO, 4 years	Male	Advertisement	< 50, small	CEO

##### 3.2.2 Interviews

The interview process will consist of semi-structured interviews, which will combine structured questions that are the same for all the participants of the interviews. There are multiple different ways of data collection for qualitative research such as structured interviews, semi-structured interviews, and unstructured interviews. As said by Bergelson et al., "Structured interviews use standardized questions that

are behaviourally or situationally anchored. This requires careful creation of a scoring rubric and interviewer training" (Bergelson et al., 2022, p. 1). However, for this research there is a time constraint that does not allow for all of these criteria to be met so instead semi-structured interviews were chosen. Another main benefit of using a semi-structured style is that it allows one to be focused, but also allow some autonomy for the interviewer to explore ideas that may come up during the course

of the interview (Adeoye-Olatunde & Olenik, 2021). These new ideas can further enhance the understanding of this research and can prompt new ideas. Semi-structured interviews give the freedom to go off script and ask additional questions based on the answers of the participants.

Interviews were conducted with 6 individuals using the semi-structured method. The interviewees were from Estonia and four were done in person while two were conducted using MS Teams. Half of the interviews were done in Estonian because of the language barrier and the transcripts were translated to English. The responses were recorded with the consent of the interviewees and were kept safely on the cloud to prevent sensitive data from being leaked. On average the interviews ranged from 35 to 45 minutes.

### 3.3 Data Analysis

To analyse the interviews, qualitative data coding will be used as a systematic process for analysing, interpreting, and organising raw textual data from the interview transcripts. This research will employ abductive coding as the chosen method for data analysis. The primary goal is to identify and label recurring themes, patterns, and relationships within the given data to draw meaningful conclusions. There are multiple ways to code, namely inductive and deductive coding. Inductive and deductive coding are two fundamental approaches in qualitative research for analysing data. The inductive coding approach involves deriving codes and themes directly from the gathered data, without relying on pre-existing theories, frameworks, or assumptions (Alyona Medelyan PhD, 2019). In contrast to inductive, deductive analysis generally means applying theory to the data to test the theory. The codes used for deductive coding can be developed as strictly organisational tools, or they can be created from concepts drawn from the literature, from theory, or from propositions that the researcher has developed (Bingham, 2020). Abductive coding, however, integrates the strengths of both inductive and deductive approaches which enables researchers to quickly change between data-driven insights and theoretical frameworks. By using abductive coding, researchers can flexibly adapt their codes as new patterns emerge from the data while also grounding their analysis in established theories. This combined approach allows for a more comprehensive understanding of the data, leading to more robust findings. (Vila-Henninger, 2024)

More specifically to analyse the qualitative data gathered from the interviews, an abductive approach to content analysis will be used, guided by the methodologies discussed by Vila-Henninger et al. (2022) in their examination of abductive coding and theory-building. This approach is particularly suited for studies that seek to integrate existing theories with new patterns emerging from the data. Abductive content analysis allows researchers to iteratively move between the data and theoretical frameworks, ensuring that the analysis is both data-driven and also theory based. Before the process for analysing data could be started, the recordings of the interviews held were transcribed into a text form by using the Sonix transcription program. After cleaning the downloaded transcripts from Sonix, the transcripts were uploaded to Atlas.ti for abductive analysis.

The coding process begins with familiarisation that involves detailed reading and re-reading of interview transcripts to gain an in-depth understanding of the content. Initial codes will then be generated by identifying notable segments of the data and assigning codes that capture the essence of the data, drawing both from the data itself and relevant theoretical frameworks from existing literature. These codes are created based on

existing theories but also are flexible enough to include new insights that may emerge from the data itself; they are continuously compared with existing literature to identify patterns, inconsistencies, and new insights. Following the initial coding, similar codes will be grouped into themes that represent broader concepts and categories, reflecting both the empirical data and theoretical insights. These themes will be reviewed to ensure coherence and consistency between them. The process involves refining, combining, or discarding themes to develop clear and concise representations of the findings. Each theme will be clearly defined and elaborated upon, with examples from the data to illustrate their significance (Bingham, 2020). The themes were defined as adaptability, gut feeling, analytical approach, collaborative decision-making, national culture influence, cultural sensitivity, international experience, entrepreneurial mindset, exploiting opportunities, people skills and risk management. Lastly, the themes were divided into aggregated dimensions. The dimensions are decision-making and strategic approach, cultural and contextual influences and finally entrepreneurial attributes and mindset. The codes were structured using the Gioia Method terminology, being: first-order codes, second-order codes, and lastly aggregated dimensions (Gioia et al. 2012). The data structure is summarised in Figure 7.1 in Appendix 7. Finally, the research findings will be compiled into a coherent narrative, integrating the identified themes and their descriptions to provide a comprehensive overview of the data. By employing an abductive coding approach, this research aims to generate valuable insights that are both deeply grounded in the data and also based on relevant theoretical perspectives, thereby enhancing the overall understanding of the interview data (Vila-Henninger et al., 2022).

## 4. RESULTS

The research investigated the influence of national culture on entrepreneurial decision-making. The data was divided into three aggregated dimensions: Decision-Making and Strategic Approach, Cultural and Contextual Influences and Entrepreneurial Attributes and Mindset. These dimensions are also illustrated by the data structure by Figure 7.1 in Appendix 7.

### 4.1 Decision-Making and Strategic Approach

The data indicated that the topics that are important to consider about decision-making and the strategic approach of entrepreneurs are Adaptability, Gut Feeling, Analytical Approach and Collaborative Decision-Making. These topics will be discussed more in length below.

#### 4.1.1 Adaptability

Adaptability emerged as an important theme in understanding how Estonian entrepreneurs navigate the business environment they operate in. This theme captures the ability to make quick changes, handle deviations from plans, and learn from mistakes, which are essential for strategic decision-making and long-term success. Participants highlighted that being adaptable allows them to respond more effectively to unforeseen challenges and opportunities. Participant 1 said “*We are not tied to something which we have previously decided*”. This ability to deviate from

the original plan and make necessary adjustments is also linked to entrepreneurial success with another participant (5) saying that *“We have tried to change these business models according to the situation and consumption”*, yet again showcasing that in order to keep being successful it is necessary to be able to adapt to new situations. Lastly an honourable mention would be participant 1 saying *“I actually graduated in law, my education is as a lawyer, but I haven't worked a day as a lawyer”* showing that adaptability extends beyond the business decisions and encompasses broader career or even life choices. Participant 1 transitioned from a legal education to entrepreneurship showing significant personal adaptation and willingness to seize new opportunities.

#### 4.1.2 Gut Feeling

Gut feeling turned out to be a highly significant theme in understanding the decision-making processes of Estonian entrepreneurs. This theme encompasses the entrepreneur's reliance on intuition. Participants highlighted that gut feeling plays a major role in everyday decision-making, especially in cases when there is a limited time for a more extensive analysis. Participant 4 mentioned that *“You just need balls to make a decision. And it doesn't really matter if it's right or wrong, the best decision is to go forward”*, this highlights the importance of taking decisions and not waiting around for too long. To add onto this participant 2 said *“A person who takes five decisions a day of which three decisions are good and two are bad, is still better than a person who takes only one good decision a day because he takes or she takes more time to consider the decision”* and participant 5 said *“the first is gut feeling, so you shoot from the hip”*, again highlighting the importance of going through with decisions quickly instead of letting opportunities pass. This emphasises the importance of intuitive decision-making in entrepreneurial success. Additionally, participant 6 mentioned, *“The first idea is always gut. There's always this gut feeling, even if I don't have tens of years of experience, there's always this idea that what should be done”*, this underscores the fact that gut feeling is not just a result of experience but instead an innate sense that guides entrepreneurs from the start, enabling them to act decisively and confidently even in unfamiliar situations. Gut feeling enables quick and instinctive responses that are important for navigating the dynamic business environments and more importantly it allows for seizing immediate opportunities.

#### 4.1.3 Analytical Approach

Alongside gut feeling, the analytical approach emerged as one of the most important themes in explaining the decision-making process of Estonian entrepreneurs. This theme encompasses the use of systematic analysis for decision-making based on data driven evaluations and logical reasoning. Participants highlighted that the analytical approach is another crucial part for making informed and calculated decisions, especially when dealing with more complex situations or when there is more at stake. Participant 4 shared, *“I like to go through all the different you know, details and aspects of, of the decision and, and see if it in the long run makes sense”*. This highlights the importance of thorough analysis and ensuring that all decisions are well founded. Participant 1 confirms this by saying *“There was definitely excel behind it and no, I wouldn't have dared to do it”*. Other participants also confirmed the added value of using analytical tools and methods, indicating the reliance on structured frameworks and quantitative data to help guide the decision-making processes. This approach allows entrepreneurs to assess risks, weigh pros and cons, and predict potential outcomes thereby reducing uncertainties. In addition to the data and tools, the analytical approach also involves cautious and methodical mindset with participant 3 saying *“all the decisions*

*at the end of the day is, does it help us to get closer to the goal we have in three years or not”*, showing the importance of aligning the decisions with long-term objectives and strategic goals, ensuring that each decision contributes to the overall vision. Participant 4 also mentioned that *“analytical people tend to be reluctant to take fast decisions”*, underscoring the balance that needs to be maintained between thorough analysis and timely decision-making. While being cautious is beneficial in preventing rushed and poorly thought-out decisions, it can often slow down the decision-making process. Therefore, entrepreneurs need to find the balance between being analytical and being decisive.

#### 4.1.4 Collaborative Decision-Making

Collaborative decision-making is the last theme in the decision-making and strategic approach dimension. It helps explain how Estonian entrepreneurs approach the decision-making process. The theme highlights the importance of involving team members and others in the decision-making process, creating multiple diverse perspectives and collective input. Participants highlighted that collaboration fosters a more balanced and well-rounded decision-making process with participant 4 saying *“we always make a think tank”* and *“we involve the team all the time”*. This showcases the value that is placed on collective input and the importance of reaching a consensus with participant 6 confirming this by saying *“I do involve my team, family, or friends. I guess I've involved everyone at some point in this journey”*. Other participants also confirmed the importance of involving others in the decision-making process with participant 5 saying *“I think the more opinions, the better the end result can be”* and participant 3 saying *“It's really easy to come to the conclusion together with your team”*. In addition participant 1 talked about having an inner circle that they can always turn to for help. They said *“Friends, yes, we have a good thing. We call it the wise club. We gather three, four, five maximum, depending on who can come, former collaborators, business partners, clients, we get together and discuss work stuff. We discuss work stuff, who thinks what about something, who has heard what about a company, whether it's worth doing business with them. Such a small inner circle”*, demonstrating how involving trusted friends and team members can enhance decision-making. By leveraging the knowledge and perspectives of their inner circle or just inputs of others, entrepreneurs can make more informed and balanced decisions, ultimately leading to better outcomes. Leveraging the collective expertise of team members and others also promotes a shared sense of responsibility and helps foster an environment where diverse perspectives contribute to more robust and effective decisions. This approach also helps build a strong, cohesive team that is better equipped to navigate the challenges and opportunities in the overall business landscape.

## 4.2 Cultural and Contextual Influences

Based on the interview data, the important topics to consider for Cultural and Contextual Influences are National Culture Influence, Cultural Sensitivity, and International Experience. These topics will be discussed more in length below.

### 4.2.1 National Culture Influence

The influence of national culture plays a role in shaping the business practices and the decision-making processes of Estonian entrepreneurs. This theme captures the impact of Estonia's cultural norms and values on entrepreneurial behaviours and strategies. Participants highlighted that the straightforward and direct communication style that is prevalent in Estonia influences their business interactions. Participant 6 mentioned *“In Estonia, we're pretty straightforward in email as well. There's no this I hope this email finds you well stuff. It's*

just like, hey, I have a question. This, this, and that. Just answer me". This kind of directness allows for more efficient and clear communication, crucial for business dealings. Participant 3 also mentioned "Estonians, I think we are all more or less honest in what we are saying, what we are promising", further showcasing the Estonian cultural values of honesty and being direct. Another notable mention is from Participant 1, who noted, "Yes, there are still close-knit communities, people of course, stick together, it is more like a critical mass of interesting people together and then the community sticks together. They ask advice from their acquaintances and share clients and try to do business together". This statement underscores the tight-knit nature of the Estonian business community and the importance of maintaining a good reputation and strong relationships within this small market. Additionally, an important aspect is the start-up culture of Estonia, which is characterised by a proactive mindset, as noted by Participant 2: "in the Estonian field, especially, especially start-ups, is that they go into the world, go into the kind of entrepreneurial sphere to change something", showing the mindset behind entrepreneurs. Estonia's national culture, characterised by direct communication, honesty, close-knit communities, and a proactive start-up mindset, significantly shapes how entrepreneurs operate and make decisions. Understanding and leveraging these cultural norms can greatly enhance business effectiveness.

#### 4.2.2 Cultural Sensitivity

Understanding cultural sensitivity is crucial for Estonian entrepreneurs operating in international and local environments. This theme captures the awareness and respect for cultural differences that influence business interactions and the decision-making processes. Participants highlighted that cultural sensitivity is very important for building strong business relationships and managing diverse teams. Participant 5 emphasised, "you always have to listen to the locals, how things really work there" This underscores the importance of understanding and respecting local customs and practices to ensure successful business operations. Participant 3 illustrated the challenges of navigating cultural differences by stating, "there are still really big barriers in culture" This quote highlights the obstacles that entrepreneurs may face when engaging with different cultural contexts. Additionally, participant 2 provided insight into the variation within cultural interactions, noting, "I think it's more person-based than it is culture-based. Because even in Estonian culture or in the Estonian circles, you might have a client who prefers to spend half the time of the meeting talking about personal things, like what their kids are doing or what they prefer doing on the weekends, whereas some people will get straight to the business." Another important aspect is the challenge of scaling businesses in larger societies, as participant 1 mentioned, "As soon as the society is a bit bigger, scaling anything is more difficult. A hundred permits need to be obtained". This highlights how cultural and bureaucratic complexities can impact business operations.

#### 4.2.3 International Experience

For Estonian entrepreneurs it is important to gain international experience, since it provides them with broader perspectives and enhanced business strategies. This theme shows the importance of international exposure for entrepreneurs, helping them to improve the decision-making processes. Participants highlighted that international experience enriches their understanding and adaptability in various business contexts. Participant 4 emphasised the importance of international exposure by stating, "I have worked with international companies, people associations, governmental organisations

for a long time, and every single one of them has some special, you know, special whatever characteristics". This underscores the unique insights gained from international experiences, enabling entrepreneurs to better understand and adapt to specific market characteristics. Participant 2 noted, "I think that's certainly the case because younger people, most of them have studied abroad. They are more acclimatised to kind of, let's say, a European culture, not too much tied into their country-specific culture anymore". This quote highlights how international experiences, such as studying abroad, help younger entrepreneurs become more adaptable to diverse cultural contexts, enhancing their ability to operate effectively in various markets. Furthermore, Participant 5 mentioned, "It's hard to build a business in another country, but making a purchase, for me, it's easy" and added, "we haven't had problems with foreign countries. For me, they are exactly the same". These statements illustrate the practical benefits of international experience, such as ease of transactions and a consistent approach to dealing with foreign markets, reinforcing the idea that international exposure facilitates smoother business operations and cross-border interactions.

### 4.3 Entrepreneurial Attributes and Mindset

For Entrepreneurial Attributes and Mindset, the important themes that appeared in the interviews are Entrepreneurial Mindset, Exploiting Opportunities, People Skills and Risk Management. These topics will be discussed more in length below.

#### 4.3.1 Entrepreneurial Mindset

The entrepreneurial mindset is a crucial theme that helps to shape the decision-making processes and strategic approaches of Estonian entrepreneurs. This theme captures the attitudes and attributes such as risk-taking, proactivity, resilience and a strong drive to innovate and create value. Participants highlighted that having an entrepreneurial mindset is necessary for identifying opportunities and navigating the challenges of the business landscape. Participant 4 mentioned, "I think the entrepreneurial thing is something which either is in you or isn't in you," highlighting the inherent nature of entrepreneurial traits. This sentiment is further confirmed by Participant 6, who stated, "Both my family comes from an entrepreneurial background, and they have done similar stuff," suggesting that an entrepreneurial mindset can be influenced by one's environment and upbringing.

The importance of confidence and recognition in fostering an entrepreneurial mindset was emphasised by Participant 5: "Recognition is not a goal in itself, but it somehow gives you that confidence that I can move on, that I am moving in the right direction and all this together, that you know you are at some level, gives that confidence." This indicates that external validation can reinforce an entrepreneur's self-assurance and drive.

Participant 3 highlighted the willingness to take risks and learn from them: "I'm always more happy to take on risks just to try it out and see if there is no problem, let's keep going. But if a problem arises, then. Yeah, then let's work on it". This approach underscores the experimental nature of entrepreneurship and the acceptance of potential setbacks as part of the process. Additionally, Participant 2 described the entrepreneurial mindset as "kind of like an open mindset and willingness to try and test out new things", showcasing the importance of openness and adaptability. This is further supported by Participant 1, who finds challenging projects more appealing: "The more difficult the object, the more difficult the client, the more interesting it is for us".



For Estonian entrepreneurs the entrepreneurial mindset consists of inherent traits, environmental influences, confidence, willingness to take risks and an openness to new experiences. These attributes allow the entrepreneurs to drive their ventures towards sustained success.

#### 4.3.2 Exploiting Opportunities

Exploiting opportunities is another key theme that helps to underscore the proactive and dynamic nature of Estonian entrepreneurs. This theme captures their ability to identify, evaluate, and capitalise on potential opportunities that arise within the business landscape. Participants highlighted that the ability to seize opportunities is crucial for business growth and innovation. Participant 6 mentioned, *“And then every problem is an opportunity and it’s not something to just dwell on,”* emphasising the importance of viewing challenges as opportunities. Participant 5 further supported this sentiment by stating, *“Every unexpected thing can be both an opportunity to do something and at the same time, you have to say, a crisis is an opportunity for someone, someone benefits from it, someone doesn’t,”* illustrating how crises can also present potential opportunities. Additionally, Participant 2 noted, *“instead of overthinking everything before and not starting with something. You kind of just let’s say you just initiate things and see where they take you,”* highlighting the importance of taking action without overanalysing. Participant 1 added, *“you have to look for the angle, where can I turn it into an opportunity for myself,”* demonstrating the need to actively seek out and leverage opportunities. These insights collectively underscore the importance of a proactive and opportunistic mindset in achieving entrepreneurial success.

#### 4.3.3 People Skills

In the context of decision-making, people skills came up as another important theme for Estonian entrepreneurs, capturing the importance of interpersonal skills, team management, and fostering a collaborative work environment. All of these aspects help to contribute to effective decision-making. Participants have highlighted that the strong people skills are essential for building and maintaining effective teams, which in turn supports good decision-making. Participant 4 when answering to which skill they think is most important, mentioned *“the most important thing is probably the people skills”*, underscoring the significance of interpersonal abilities in navigating complex business decisions. Participant 6 added, *“We have a pretty young collective, they’re all pretty straightforward. And they don’t care if you’re CEO or not”*, illustrating how open communication and a flat hierarchy contribute to a more inclusive decision-making process. Furthermore, participant 3 emphasised the value of personal responsibility and teamwork, stating, *“Everybody takes responsibility for their jobs. And yeah, everybody finds solutions and gets things done”*, highlighting the importance of a responsible and solution-oriented team culture in making effective decisions. Additionally, participant 2 pointed out the need to respect work-life balance of their team, saying, *“I never take on work that will impact the team in a sense that they will have to work overtime or they won’t have time to spend with their families”*, demonstrating the commitment to ensuring team well-being, which in turn fosters a more focused and productive decision-making environment. Participant 1 acknowledged the complexity of people management by saying, *“I was convinced I could handle all people and I can’t”*, highlighting the ongoing challenge and importance of effective people management in making informed decisions.

#### 4.3.4 Risk Management

Lastly, the ability to manage risk is another important theme in the decision-making processes of Estonian entrepreneurs. This

theme encompasses the strategies and approaches used to identify, assess, and mitigate risks to ensure business sustainability and growth. Participants highlighted the importance of a balanced approach to risk management, which involves both taking calculated risks and also mitigating potential downsides. Participant 4 stated, *“Trying to bring all the risk to the table, what has helped us through the time is that even at the worst unfavourable market situations, we have not taken down our projects.”* This highlights the importance of thorough risk assessment and preparation for difficult conditions. Participant 6 shared, *“I like to take risks and I’ve been taking them for sure these last three years,”* showcasing the proactive approach of Estonian entrepreneurs and willingness to embrace risk as a part of the growth process. Additionally, Participant 5 noted, *“you need to have the ability to assess the risk, because I think without taking any risk, it’s not possible to do anything, you have to know how to take risks, even better if you can mitigate them to some extent.”* This underscores the necessity of risk evaluation and the ability to manage risks effectively. Lastly, Participant 2 mentioned, *“if you start thinking through the prism of risk in entrepreneurship you will get bogged down by the details and you won’t get things done,”* indicating that while risk management is essential, overemphasis on risk can hinder decision-making and progress. Risk management for Estonian entrepreneurs involves a careful balance between taking calculated risks and implementing strategies to mitigate potential downsides.

## 5. DISCUSSION, LIMITATIONS & FUTURE RESEARCH

### 5.1 Discussion

Based on the findings of this research, the influence of national culture on the preference for effectuation or causation strategies among Estonian entrepreneurs can be discussed through the aggregated dimensions identified: Decision-Making and Strategic Approaches, Cultural and Contextual Influences, and Entrepreneurial Attributes and Mindset.

#### 5.1.1 Decision-Making and Strategic Approaches

The decision-making processes of Estonian entrepreneurs are influenced by both gut feeling and analytical approaches. The reliance on gut feeling, characterised by intuitive decision-making, aligns with Sarasvathy’s concept of effectuation, where entrepreneurs leverage their intuition and available means to make decisions. In contrast to gut feeling, the analytical approach aligns more with causation strategies. These strategies involve decisions based on detailed planning and logical reasoning. While existing literature by Sarasvathy (2001) supports the use of either effectuation or causation strategies, the findings suggest a nuanced approach where both strategies are blended depending on the context. This aligns with Reymen et al. (2015), who argue that entrepreneurs often start with effectuation and shift towards causation as conditions become more predictable. The interviews also revealed big generational differences in the use of these decision-making approaches. Older entrepreneurs tend to combine gut feeling with analytical validation after the initial gut feeling. This may stem from their greater experience and the higher stakes involved. Younger entrepreneurs also rely on gut feeling but tend to use less analytical follow-up, possibly due to their inexperience and lower stakes. These generational differences show how entrepreneurial decision-making evolves and underscore the importance of adjusting strategies based on experience and business context. Overall, Estonian entrepreneurs tend to have a preference for a hybrid approach, blending effectuation and

causation strategies, tailored to the dynamic and collaborative business environment in Estonia. Additionally, the choice between using effectuation or causation also comes from the size of the company and the level of responsibility. It is clearly visible from the participants that older, more experienced entrepreneurs, who tend to have larger companies and more employees, use gut feeling for the initial reaction and follow it up with analysis due to having much more at stake and greater responsibilities. In contrast, younger entrepreneurs with smaller companies or sole ownership take bigger risks, relying more on their gut feeling without extensive analysis.

### 5.1.2 Cultural and Contextual Influences

National culture helps to shape the entrepreneurial practices and decision-making processes of Estonian entrepreneurs. The direct and straightforward communication style used in Estonia helps with efficient and clear business interactions. This is consistent with Hofstede's dimension of Individualism versus Collectivism, where Estonia's high score on individualism suggests a preference for direct communication and individual accountability in business practices (Hofstede, 2011; Hofstede Insights, 2024). The directness also contributes to quick decision-making, emphasising efficiency and clarity, which might not be fully captured by Hofstede's dimensions. The importance of cultural sensitivity and international experience emerged as another two important factors for building strong business relationships and enhancing business strategies. Research by Grégoire and Cherchem (2019) supports this by suggesting that cultural contexts shape how effectuation is adopted and utilised across different environments. This however highlights the need for future studies to explore the intersection of national culture and international influences in more depth.

Another significant cultural aspect influencing Estonian entrepreneurs is the importance of the close-knit communities. These communities provide a network of support, resources, and trust, which are important for entrepreneurial success. The role of social capital, defined by Putnam (2000) as the networks of relationships among people who live and work in a particular society, enabling that society to function effectively. While Putnam's research on social capital focuses on the American community, the principles he outlines are applicable to other contexts, including Estonia. In the context of Estonia, the close-knit nature of the business community facilitates information sharing and resource exchange, enhancing entrepreneurial ventures. This aspect of Estonian culture, where entrepreneurs rely heavily on their networks and community ties, provides a unique advantage in navigating the business landscape. Given Estonia's small size, these connections are even more noticeable, making it easier for entrepreneurs to find the right contacts and resources through a well-connected network.

### 5.1.3 Entrepreneurial Attributes and Mindset

The entrepreneurial mindset is a key element which helps shape the decision-making processes of Estonian entrepreneurs. This mindset encompasses attitudes such as risk-taking, proactivity, a strong drive to innovate and the ability to exploit opportunities effectively. An important finding from the interviews appeared to be the upbringing of the entrepreneurs. Growing up in an entrepreneurial family, shapes the entrepreneurs from a young age to have a proactive mindset and teaches them problem solving. This confirms the research by Jiang and Ruling (2017), which highlights the role of family background in shaping entrepreneurial attitudes. This indicates that early family influences play a key role in developing

entrepreneurial traits. Estonia's start-up culture further reinforces this mindset, as entrepreneurs often seek to address and solve everyday issues through innovative solutions. This proactive mindset embodies the Estonian entrepreneurial spirit, where problems are viewed as opportunities for innovation. Lastly, the importance of people skills was mentioned multiple times, showing how this skill can play a significant factor in effective decision-making and team collaboration. While not every entrepreneur may possess strong people skills, from the interviewee pool everyone found this skill crucial for entrepreneurs. Ultimately, the entrepreneurial mindset in Estonia comes from the interplay between family influence, environmental factors, and a proactive start-up culture which creates a unique ecosystem that fosters innovation and business.

## 5.2 Theoretical Contribution

This research helps to contribute to the understanding of entrepreneurial decision-making within the context of national culture. It confirms and extends the insights of Reymen et al. (2015) by showing how Estonian entrepreneurs blend both effectuation and causation strategies in their daily decision-making processes. This hybrid approach showcases the practical application of both theories in a real-world setting. The findings also reveal a significant generational difference in entrepreneurial decision-making. Older entrepreneurs tend to integrate analytical validation with their intuitive decisions, reflecting a more cautious approach due to their greater experience, higher levels of responsibility, and the need to safeguard established ventures. This combination of gut feeling, and thorough analysis ensures that decisions are well-founded, and risks are mitigated (Chen & Xu, 2022). In contrast, younger entrepreneurs are more inclined to rely solely on their gut feeling, indicating a preference for risk-taking and adaptability in less experienced and smaller-scale entrepreneurial contexts.

Moreover, the research shows the importance of collaborative decision-making, which complements individual initiative. Despite a cultural inclination towards individualism, the frequent use of collaborative strategies suggests that involving others enhances the decision-making process. This finding aligns with Hofstede's dimension of culture, particularly individualism and uncertainty avoidance, indicating that collaboration is a critical factor in entrepreneurial success. By integrating individual intuition with collective input, entrepreneurs enhance their strategic use of both effectuation and causation logics, allowing for flexible yet well-founded decision-making (Hofstede, 2011). These contributions provide a perspective on entrepreneurial strategies, suggesting ways for future research to explore the implications of cultural and generational factors in different entrepreneurial environments.

## 5.3 Practical Implications

The findings from this research offer practical implications for Estonian entrepreneurs and business educators. Firstly, business owners should incorporate the use of diverse groups by age, meaning they should hire younger entrepreneurs who are more innovative and riskier than older entrepreneurs. This would help bring balance to companies who are run by older entrepreneurs not willing to take as much risk. Entrepreneurial training programs should emphasise the importance of balancing intuitive decision-making (effectuation theories) with analytical approaches (causation theories). Young entrepreneurs should get training to leverage their gut feeling while also validating decisions with data and thorough analysis. Since collaborative decision-making turned out to be a very important aspect for entrepreneurs, training programs should include modules on

teamwork, leadership, and effective communication to help improve the ability to work with others. Incorporating real-world scenarios into business education curricula, where students practise both effectuation and causation strategies, can help them understand the practical application of these concepts. Universities should promote a mindset that values risk-taking, innovation, and proactivity while still conducting the necessary analysis through workshops and support for student-led start-ups so that they can receive real life experience, which most young entrepreneurs lack, making them more prone to mistakes. By implementing these practical implications, educational institutions can help improve the decision-making processes of entrepreneurs, foster innovation, and contribute to the overall growth and success of the Estonian business ecosystem.

#### 5.4 Limitations & Future Research

The limitations for this research were the lack of experience of the researcher in conducting qualitative research and the limited timeframe in which the data could be collected and properly processed. For future research the interview pool should be bigger and more diverse for a better outcome. Besides that, there was also a slight language barrier. Some of the interviews were conducted in Estonian since the participants did not speak English, while the others with whom the interview was conducted in English sometimes also struggled to understand the question. Participants also struggled with answering questions related to national culture since they weren't sure how it affects their business decisions. For future researchers, it should be taken into consideration that people might not know how to explain if and how the culture affects their decisions. Providing clear definitions and examples of how culture might influence business decisions could help participants better understand and word their experiences.

A final suggestion for future research is to look into the generational differences more and find how responsibility and size of the company affect the decision-making processes of entrepreneurs. The findings indicate that older entrepreneurs tend to use a mix of effectuation and causation strategies, combining their gut feeling with analytical validation due to their greater experience and higher stakes. In contrast, younger entrepreneurs primarily rely on effectuation, making intuitive decisions without backing it up. This aligns with the research done by Reymen et al. (2015), which suggests that entrepreneurs often start with effectuation under high uncertainty and then shift towards causation as conditions become more predictable. Additionally, future research should explore the upbringing of entrepreneurs, as family background and parental influence significantly shaped some of the participants' entrepreneurial attitudes and behaviours in this research. Jiang and Ruling (2017) have highlighted the importance of family background in shaping the entrepreneurial mindset, indicating a deeper understanding of these factors can provide valuable insights into the entrepreneurial decision-making field. Using a longer timeframe and more in-depth interviews could allow for participants to reflect more thoroughly on the influence of culture and responsibility on their decision-making processes.

#### 5.5 Conclusion

This research aimed to answer the question: "How does national culture influence the preference for effectuation or causation strategies among Estonian entrepreneurs?" Through a qualitative approach with an abductive analysis, the findings reveal that the decision-making processes of Estonian

entrepreneurs are shaped by a combination of effectuation and causation strategies.

The findings of this research partly support Proposition 1, which suggested that cultures with high Individualism (IDV) are expected to see a stronger preference for effectuation strategies among entrepreneurs. Estonian entrepreneurs often rely on their gut feeling and intuition aligning with effectuation strategies, however, the evidence also indicates that this preference is not exclusive, as elements of causation are incorporated in more complex and high-stakes situations.

The findings also provide partial support for Proposition 2, proposing that in cultures where In-group Collectivism (IGC) is prevalent, entrepreneurs favour causation strategies. The collaborative decision-making and the emphasis on community ties observed in the Estonian context reflect aspects of in-group collectivism. These cultural traits align with causation strategies, which involve detailed planning and systematic approaches. Older entrepreneurs, in particular, exhibited a tendency to combine gut feeling with analytical validation, reflecting a more cautious and structured approach. This suggests that in-group collectivism can indeed influence entrepreneurs to favour causation strategies, although it does not entirely exclude the use of effectuation.

Overall, Estonian entrepreneurs have adopted a hybrid decision-making approach which blends the effectuation and causation strategies. The dynamic and collaborative business environment supports the mixed approach. The findings reveal that cultural dimensions such as individualism and collectivism influence entrepreneurial decision-making, in a way that allows for flexibility and adaptation.

Generational differences turned out to be a significant factor, with older entrepreneurs combining gut feeling with analytical validations due to their extensive experience and greater responsibilities, while younger entrepreneurs rely more on pure intuition and risk-taking. Young entrepreneurs tend to have less to lose, meaning they have a higher tolerance for risk and are more innovative. Additionally, the direct communication style and tight-knit business community in Estonia help to facilitate efficient decision-making and reinforce trust-based relationships. This mindset aligns with both effectuation and causation strategies, depending on the specific entrepreneurial context.

In conclusion, national culture influences Estonian entrepreneurs, leading to a preference for a hybrid approach that blends effectuation and causation strategies. This approach is tailored to Estonia's dynamic and collaborative business environment, showing how cultural values shape the preference for entrepreneurial strategies. The size of the company and the level of responsibility further influence the balance between effectuation and causation, suggesting areas for future research on how these factors impact entrepreneurial decision-making.

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## 7. APPENDIX

### 7.1 Data Structure



