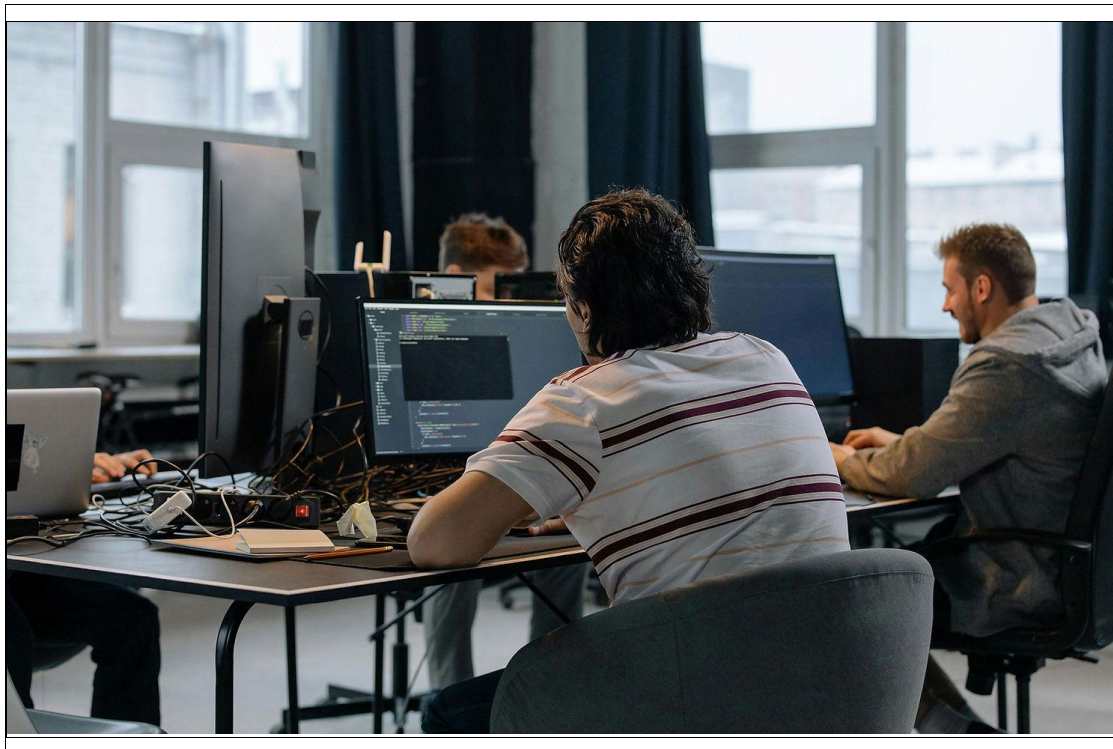


# Strategic Allocation of Resources in Startup Ventures

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The strategic allocation of the limited resources that a startup venture may have at its disposal represents one of the major determinants of early-stage survival and the long-term growth of a startup. Unlike established businesses, startups function under limitation in funding, market data, and uncertain forecasts for demand. These limitations can increase the consequences that come from each decision that founders make. This topic remains relevant within the field of business administration, particularly entrepreneurship, because it sits at the intersection of financial strategy and lean decision-making.



## Current Situation

During the scale-up phase of a startup, an entrepreneur needs to add significant resources and partnerships to expand the business within the structure of their business concept and a sustainable business model (Paulo, et al., 2022). Furthermore, The proper use of resources need to be carefully implemented in order to prioritize target goals in a specific phase of a startup, such as, to increase market share, revenue, hire employees, as well as identifying and exploiting opportunities for collaboration with larger established companies (Paulo, et al., 2022). Digital platforms have increased the opportunities available for startups to scale and reach

more customers, and it has also intensified the pressure to gain rapid growth with minimal resources. Recent literature seems to highlight the importance on how startups need to take on an adaptive approach to resource allocation. Instead of relying on long-term, fixed planning models, founders need to implement strategies that allow for real-time reallocation of resources that changes along with feedback and performance data. This approach prioritizes experimentation and efficient capital use. The peer-reviewed articles available today support the idea that resource allocation decisions in startups are not just financial decisions but also decisions that involve other resources such as time. Founders also need to make a choice on if they would be better off investing in product development, gaining customers, or hiring talent, all without knowing which decision will bring back the highest returns.

### **History**

Early studies in entrepreneurship has focused on opportunity recognition, with little focus on how limited resources were managed after a startup was launched. Economic theories have typically assumed that there was rational decision-making and an optimal resource distribution, but did capture a startups unpredictability. Resource-Based View (RBV) has emerged as an influential theory of the strategic choices companies make to attain and sustain competitive advantage in dynamic markets, and explains how managers use resources to achieve and sustain this advantage (Zahra, et al., 2021). When a business comes across the challenge of having limited resources, it can be a result of poor planning, unexpected demands, or over commitments to the wrong initiatives (Zahra, et al., 2021). The resource-based view (RBV) framework continues to be a useful framework even though it was largely developed with established businesses in mind and did not fully address the constraints faced by startups.

In conducting research through peer-reviewed articles, we can now see more perspectives, which include the effectuation theory, that highlights how entrepreneurs start with available means and then iteratively co-create opportunities. This can be seen as an advancement from models that were focused on predictive planning to now having more importance on business flexibility in resource allocation.

The lean startup methodology can be seen as an approach that changed the way researchers viewed resource allocation as a process of continuous experimentation, where resources are deployed in small amounts in order to test ideas about the market and see how the market reacted. The concept of minimum viable products (MVPs) additionally changed how startups viewed decision-making under uncertainty and the need to have some sort of marketable product to be able to see if it was worth the continued resource investments. We can also see other examples where research literature continues to fill theoretical gaps and further expand concepts. For example, we can now see an increase in academic articles that integrate decision theory into their papers to examine how cognitive biases influence resource allocation in various fields.

### **Methods and/or Standards**

This literature review paper integrates multiple peer-reviewed articles within the scopes of entrepreneurship and strategic resource allocation. With a focus on startup ventures, this paper is structured around the themes of startup ventures' resource constraints, resource prioritization, and cost decision concepts.

### **Resource Allocation Under Uncertainty**

Startups often operate in uncertainty where probabilities of outcomes are unknown. This condition necessitates the strategic allocation of resources to prioritize the tasks that have the highest impact. Interacting with potential customers to acquire market information requires investing resources, which are limited and even scarce in new ventures (Chen, et al., 2024). Therefore, it is essential to understand how startups allocate their limited resources to acquire market information and compete against larger established businesses. According to the research finding from Chen 2024, market information acquisition is one of the most resource-consuming market-orientated activities that a business can take on. Research finding conducted by Limar 2024, suggest that startups that are operated by management teams that have prior experience managing resources from venture capitalist are more likely to leverage funds wisely compared to startups whose management teams do not have prior experience with working with investors. Additionally, resource allocation becomes even more efficient when it is used towards research and development, marketing, and scaling operations to achieve better long-term performance outcomes (Limar, 2024).

### **Lean Startup Resource Prioritization**

Studies show that startups that implement lean principles have a higher probability of making changes effectively as they go when initial assumptions turn out to be incorrect. Resource prioritization in this context is guided by feedback loops, where customer insights are then used to make allocation decisions. However, overly relying on lean methodologies can lead to short-term thinking and might lead to underplanning for long-term strategic investments. Innovation-driven enterprises (IDEs) startups play an important function in innovation development in the era of the innovation-centered economy. However, startups require support, in financing (Gedsri, et al., 2021). While governmental agencies and large corporate capitalists provide support, some IDE startups can survive and grow in the marketplace but many will fail if they are not able to receive financial resources (Gedsri, et al., 2021). Research conducted by Mérindol 2024, finds that even entrepreneurial ecosystems where there is support in the development of communities with new cognitive resources, the stabilization of communities offers a unique opportunity to make various cognitive and technological resources available for entrepreneurs without being trapped inside the traditional organizational boundaries. Businesses can also benefit by creating entrepreneurial communities that are based on shared values such as improvisation, openness, and reciprocity (Mérindol, et al., 2024). Zhou 2022,

proposes that tech companies that want to improve the use of their technological resources, should focus on the goal of reducing the core network resource consumption and preparation time. Zhou 2022, research explores blockchain functions for improved information sharing and mentions that an efficient approach for resource allocation is necessary, especially for startups that are in the tech industry of blockchain computing. According to research findings by Vomberg 2026, start-ups that spend a larger share of their financial resources on personal sales, show a stronger performance in earlier stages of their life cycle but weaker performance in later stages. However, in later stages, these expenditures improve certain performance metrics. Conversely, start-ups that spend a larger share of their financial resources on mass-media marketing show stronger performance in later stages but weaker performance in earlier stages. Start-ups can leverage these findings to improve their financial resource allocation and ensure persistent growth (Vomberg, et al., 2026).

### **Cost Decision Concepts**

The multiple essential concepts for management accountants include cost objects, cost drivers, cost pools, cost assignment, and product and service costing (Blocher, et al., 2024). These concepts help put together financial planning statements. Beyond cost management tools, there is also planning concepts such as the break-even planning concept, which is a part of Cost-Volume-Profit (CVP) model. This concept helps managers determine at what point the business profit will not be in the negative anymore, but neither at a positive, simply at a zero profit phase. Break-even analysis is used by businesses in order to make plans and set budgets to see what is the desirability of a potential product and service. The CVP concept is also used in revenue planning to help figure out what is the needed sales volume to achieve a targeted profit margin by including the targeted profit to the break-even equation (Blocher, et al., 2024).

Startups come across challenges in deciding which requirements to prioritize under limited resource. These challenges include premature scaling, cash flow issues, difficulties in obtaining financing, and funding shortages (Pattyn, et al., 2026). When there is not enough proper planning put in place, then even one single wrong decision can lead a startup to failure due to running out of resources quickly. With the several challenges presented, these contribute to a 63% failing rate, especially in software startups, of which a failure occurs in their first year (Pattyn, et al., 2026). Startups need to prioritize their decisions that have the highest expected value in uncertain environments. However, behavioral studies reveal that founders typically have a hard time accurately evaluating opportunity costs because of their cognitive biases and emotional attachment to their ideas. The intervention of a venture capitalist improves the ownership structure of the board of directors and improves the efficiency of investment decision-making (Hu, et al., 2023). The investors rich initial public offering (IPO) counseling experience and extensive social network can help startup enterprises avoid possible mistakes in the IPO audit and reduce listing costs (Hu, et al., 2023). Although there are multiple cost decision concepts available for startups to

utilize some of the more beneficial can be utilizing the Master Budget or the Cost-Volume-Profit (CVP) model, especially for startups where budgeting is essential in order to not over spend on unexpected costs or on investing in low return activities. However, As prior research indicates, some startups are able to survive and expand by gaining the much needed resources from governmental agencies and large corporate investors, while many others fail when adequate financial resources are unavailable (Virgen, 2026). Taken together, these perspectives show that effective resource allocation is not merely about spending less, but about spending strategically in ways that support sustainable innovation and growth.

### **Questions for Further Research**

There is a need for further studies that track resource allocation decisions over the life cycle of startups and answer how early decisions impact long-term outcomes for startups. Additionally, studies need to ask how does resource allocation strategies vary across different entrepreneurial ecosystems? Further research also needs to be conducted on what the balance is between lean startup experimentation with minimal viable products and strategic resource investment.

### **Conclusion**

The evidence reviewed from peer-reviewed articles, highlight how startups have the best outcomes whenever they prioritize resources through proper planning, customer feedback, and using lean concepts to refine previous assumptions. However, the same evidence shows us that lean thinking alone is not enough when it overly encourages short-term thinking and planning that in turn reduces investments in tasks that generate long-term value. Findings conclude that since startups have limited resources, they are put in a position where they need to make high-stake decisions on where to deploy scarce financial, technological, and human resources while also searching for product-market fit. There are also limitation on cost decision models and lean business concepts because an excessive dependence on lean approaches can lead to a production of narrow short-term goals that undermines long-term strategic investment, revealing the need for a more balanced decision framework.

### **Keywords:**

Strategic allocation of resources in startup ventures, resource allocation in startups, startup resource management, startup financial planning, startup budgeting strategies, managing startup capital, startup growth strategy, efficient resource allocation, startup operations management, entrepreneur resource planning, startup cost control, startup business strategy, scaling startup ventures, startup team allocation, startup funding management, strategic planning for startups, startup decision making, startup sustainability, venture resource optimization, early-stage business management

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