Exploring entrepreneurial decision-making and behaviour: contexts, processes and dynamics

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ABSTRACT:

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1. Introduction

The aim of the present special issue is to gain a deeper understanding of decision-making processes and the behaviours of individuals involved in the entrepreneurial activities from an holistic and anatomic perspective of the matter (Caputo & Pellegrini, 2019, 2020). The understanding of the continuum cognition-behaviour that guides the entrepreneurial action is extremely important considering that entrepreneurship as a whole is fundamentally a phenomenological discipline and thus rooted in action (Pellegrini, Ciappei, Marzi, Dabić, & Egri, 2021). This convoluted nexus, therefore, grants the opportunity for a multidisciplinary effort based on entrepreneurship, strategic management, decision-making, institutional theories, and cognitive and behavioural psychologies. Considering this, the overall decision-making system and the resulting entrepreneurial behaviours, focusing the attention at the decision-maker and the context where the entrepreneurial activities take place (Shepherd, Williams, & Patzelt, 2015).

First the personal element of the decision maker is prominent. Entrepreneurs have a rather unique approach to decision making due to their innate or learned (Alvarez & Barney, 2004) capacity to deal with high uncertainty, ambiguity, time pressure and emotional stress. Indeed, the decision-making (Shane & Venkataraman, 2000) along with values and beliefs of entrepreneurs (Pellegrini & Ciappei, 2015) are core elements of the nexus individual-opportunity necessary for creation, success, longevity, and survival of entrepreneurial firms (e.g. start-ups, SMEs, family firms, etc.). Similarly, entrepreneurial behaviours, whether leaning toward the causation or the effectuation model, highly effect decisions, processes and outcomes in SMEs (Sarasvathy, 2001). In addition, there is a broad agreement that decision making is affected by cognitive aspects, rationality and intuition (Sadler-Smith, 2004), as well as by emotions and passion (Cardon, Foo, Shepherd, & Wiklund, 2012). Thus this adds a layer of complexity to the continuum cognition-behaviour.

Finally, it is undeniable that the external context, in which the decision maker is embedded, also plays an important role, therefore understanding how such surrounding environments and contexts affect their judgments is vital (Foss, Klein, & Bjørnskov, 2019).

In particular, the external environment may affect both entrepreneurial cognition and behaviours; considering the cognition, this inevitably follows the perceptions of the decision maker according to her/his ability to frame its possibility, e.g. resources, access to them, and capabilities (Kor, Mahoney, & Michael, 2007; Pellegrini & Ciappei, 2015). Similarly, just because an action is cognitively well designed, the resulting behaviour may be affected by further constrains. For a successful answer to today’s business environment, it is also important to understand how entrepreneurs deal with and negotiate the relationships with other stakeholders (Caputo, Marzi, Pellegrini, & Rialti, 2018).

Yet, the complexity rises in case of entrepreneurial activities where indeed individual elements and contextual pressures need to be balanced out in a collective decision. The impact of these decisions’ characteristics and their relation to those of other actors is a fundamental topic to be investigated by entrepreneurship scholars (Shepherd et al., 2015).
It is in this context, we believe that the papers published in this special issue on “Entrepreneurial decision-making and behaviour” try to fill in the existing gaps in the literature and also to provide direction for future researches.

In this special issue we present a variety of international studies at the forefront of decision-making processes, emotions and behaviours in entrepreneurial contexts. Overall, twelve papers have been selected, from an original pool of more than 60 manuscripts submitted to us, to fill existing gaps in entrepreneurial decision-making and behaviour research and to lay the ground for an interdisciplinary and multi-level future research agenda.

2. The anatomisation of entrepreneurial decision-making and behaviour

The first paper titled “The impact of founder’s regulatory focus on the process of firm birth and firm abandonment” (Koumbarakis, Bergmann, & Volery, 2020) deals with how self-regulation influences the relationship between nascent entrepreneurial exploitation activities, firm birth and firm abandonment. Drawing from a longitudinal dataset of Swiss entrepreneurs, the study suggests how discrepancies in promotion orientation can explain the different ways exploitation may lead to either an increased likelihood of firm birth, or a decreased likelihood of firm abandonment, while respectively increasing persistence. The relationships are due to the regulatory fit between a promotion orientation and exploitation activities.

The second paper titled “Entrepreneurial decision-making and family social capital” (Wang, Flamini, Wang, Pei, & Chen, 2020) is contextualised in the Chinese family firms environment. Using survey questionnaires, the authors provide evidence that the entrepreneurial decision-making in family firms relies on an intersection of cognition, emotion and social influence, contributing to a deeper understanding regarding the impact of the family social capital on entrepreneurial decision-making (Shepherd et al., 2015).

The third paper titled “On the cognitive microfoundations of effectual design: the Situated Function–Behaviour–Structure framework” (Emami, Packard, & Welsh, 2020) extends effectuation theory (Sarasvathy, 2001) at the front end by building cognitive foundations for the effectual design process, by developing an integrative conceptual approach, which draws on design cognition theory to explain entrepreneurial cognition.

The next paper titled “Entrepreneurial passion, orientation and behavior: the moderating role of linear and nonlinear thinking styles” (Zollo, Rialti, Tron, & Ciappei, 2020) unpacks the underlying mechanisms of entrepreneurs’ passion, orientation and behaviour by investigating the role of rational and nonrational cognitive elements. The study was conducted on a sample of 300 entrepreneurs from European small and medium enterprises (SMEs), and suggests a dual decision-making process, where entrepreneurs should trust their nonlinear thinking style (affection, emotion and intuition) to foster effects of entrepreneurial passion on entrepreneurial orientation, while they should rely on a linear thinking style (rationality and deliberation) to enhance the impact of their entrepreneurial orientation on strategic entrepreneurship behaviour.

The fifth paper titled “Exploring entrepreneurial characteristics, motivations and behaviours in equity crowdfunding: some evidence from Italy” (Troise & Tani, 2020) examines the relationship among entrepreneurial characteristics, entrepreneurial motivations, and entrepreneurial behaviours. The study analysed data from the overall populations of Italian Equity Crowdfunding (ECF) platforms, and showed how entrepreneurial characteristics may be central in ECF because of their impact on motivation and behaviours.

3. The contexts of entrepreneurial decision-making and behaviour

The sixth paper titled “Entrepreneurial decisions in tourism and hospitality during crisis” (Pappas & Brown, 2020) is contextualised in the Greek tourism and hospitality industry.
Although data were collected during a period of economic crisis, the results are timely and important given the current worldwide pandemic crisis and could shed light for understanding the entrepreneurial behaviour and resilience of touristic and hospitality entrepreneurs during crises. Based on a fuzzy set analysis of more than 500 entrepreneurs, the study found three different pathways for entrepreneurial decision-making during crisis: crisis conditions, enterprising operations and focus, and enterprising capabilities.

The next paper titled “Imitation in immigrant entrepreneurship: an analytical framework” (Glinka & Hensel, 2020) tackle another timely and prominent issue in the world, that of immigration and entrepreneurship. The paper proposes a theoretical framework for studying immigrant entrepreneurship imitation decisions, which offers 12 propositions and identifies a research agenda for future studies.

The subsequent paper titled “Strategic entrepreneurship. Personal values and characteristics influencing SMEs’ decision-making and outcomes. The Gemar Balloons case” (Lombardi, Tiscini, Trequattrini, & Martinelli, 2020) explores the characteristics and personal values of a successful entrepreneur in order to understand how they impact strategic decision-making and outcomes driving the success and growth of small and medium-sized enterprises (SMEs). The study is based on a single case study from a historical Italian medium-sized company.

The ninth paper titled “Rethinking risk management in entrepreneurial SMEs: towards the integration with the decision-making process” (Crovinia, Santoro, & Ossola, 2020) is based on a multiple case study of three Italian SMEs, and shows how risk is considered and managed by entrepreneurial SMEs and how risk management in such firms is integrated in the decision-making processes.

The subsequent paper titled “Impact of relatedness, uncertainty and slack on corporate entrepreneurship decisions” (Garrett, Mattingly, Hornsby, & Aghaey, 2020) investigates the effect of opportunity relatedness and uncertainty on the decision of a corporate entrepreneur to pursue a venturing opportunity. The study takes place in the United States of America and analyses 47 interviews with corporate entrepreneurs. Findings from the study provide a better understanding of decision-making schemas of corporate entrepreneurs and may help improve the practice of entrepreneurship at the organizational level.

The eleventh paper titled “Entrepreneurial decision-making for global strategies: a “heart–head” approach” (Benevolo, Penco, & Torre, 2020) proposes an integrated analysis / evaluation / decision / implementation framework to suit entrepreneurial companies intending to redefine their strategic behaviours and their competitive schemes in the global environment. The paper addresses the need for better decision-making frameworks where the entrepreneur is at the centre, balancing the classical internal/external dichotomy in strategic decision-making.

The twelfth and last paper titled “The macro-level determinants of user entrepreneurship in healthcare: an explorative cross-country analysis” (Schiavone, Rivieccio, Paolone, & Rocca, 2020) is contextualised in the health care industry and takes into account patient innovators in 40 countries. The paper contributes to the scholarly debate about macro-level determinants of entrepreneurship by exploring how much such conditions impact the decision to create new firm by health user innovators.

4. Concluding remarks

Given the above premises about the continuum cognition-behaviour, we think that future research avenues should increase attention to the reciprocal influences of the decision maker and her/his environment. According to the most recent streams of literature we think that more attention should be paid to:

- The role and impact of digitalization in the entrepreneurial decision-making processes and behaviours (Elia, Margherita, & Passiante, 2020). This could include, on the one
hand, the consideration of new business model strategies and in general ability to frame the environment (Kor et al., 2007). On the other hand, researchers could direct their efforts towards understanding new leadership and entrepreneurial actions able to dominate these new virtual spaces, e.g. communities of practices, or hybrid places, smart cities where the whole entrepreneurial ecosystem is fully integrated with and accessible from digital platforms and devices.

- More specifically to the previous point, it would be interesting to further understand, IoT, AI, and other 4.0 automatic technologies and their impact on entrepreneurial activities by serving as decision support systems (Obschonka & Audretsch, 2019; Pappas, Caputo, Pellegrini, Marzi, & Michopoulou, 2021). This includes AI biases and the possible repercussions they may have on disadvantaged categories, as these tools have a great interpretative power, but algorithms are not always able to capture higher principles of equity, fairness, and ethics.

- Due to the pressing issues of inclusivity and sustainable development, the whole discipline of entrepreneurship is moving into a more considerate approach to sustainable practices in line with the UN 2030 Agenda and the Sustainable Development Goals (Pizzi, Corbo, & Caputo, 2021). However, especially for SMEs, this green and sustainable transition needs to be carefully nourished and promoted by public Institutions and regulations so to completely change the entrepreneurial mental schemata that may have resistance to the adoption of such practices.

- The habitual entrepreneurs decision-making processes and behaviours, how they are shaped and how they differ, with particular relevance to the role of crises and uncertainties about the future, how entrepreneurs’ mental models and processes, external circumstances, societal factors affect the response to crises and failures (Klimas, Czakon, Kraus, Kailer, & Maalaoui, 2020).

- Post-pandemic and post-crises entrepreneurial decision-making and behaviours. This also leads to consider interconnections between entrepreneurial decision making and behaviours and resilience. Possibly this new stream of research should also address the renovate role of (entrepreneurship) education, and its types (Pellegrini et al., 2021), to assure the creation of a resilient class of entrepreneurial leaders (Ratten, 2020).

We hope that, particularly at times of crises for the world, the special issue on “entrepreneurial decision-making and behaviour” provides deep and diverse insights that can stimulate reflection, impact and innovation for a future research agenda, contributing to the scholarly conversation about the many aspects and natures of entrepreneurial behaviours and decision-making processes.

References


