

Caputo A., Pellegrini M.M. (2019) An Overview of *The Anatomy of Entrepreneurial Decisions*. In: Caputo A., Pellegrini M. (eds) *The Anatomy of Entrepreneurial Decisions*. Contributions to Management Science. Springer, Cham. https://doi.org/10.1007/978-3-030-19685-1_1

Chapter X

An overview of *The Anatomy of Entrepreneurial Decisions*

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Abstract *This chapter introduces the content of the book, presenting the key insights from the contributed chapters.*

Keywords: Entrepreneurship, Decision-Making, Cognition, Entrepreneurial Decisions

It is evident from both entrepreneurship theory and practice that the success, longevity, and survival of entrepreneurial activities, are deeply linked to the effectiveness of decision-making processes and negotiation capabilities of the actors involved. An entrepreneur creating a new venture or reconfiguring an existing firm, as well as those dealing with crises or normal business conditions, have in common the need to take effective decisions, involving the entrepreneur and a plethora of external subjects.

Therefore, the impact of these decisions' characteristics and their relation to those of other actors is a fundamental topic to be investigated by entrepreneurship and organizational scholars. Following the seminal review on entrepreneurial decision making by Shepherd, Williams & Patzelt (2014) this edited collection aims to provide researchers, entrepreneurs, managers and students, with an overview of the investigation and understanding of how decisions permeate the life of entrepreneurial ventures during their life cycle.

Indeed, decision-making processes affect all aspects of business at every stage of their development. Even if decision-making is a well-established field of study, that spans in many areas, including management, psychology, sociology, and political science, to name a few, what we know of decision-making in entrepreneurial contexts is still in need for investigation. In fact, entrepreneurs and their counterparts in organizational setting such as intrapreneurs or change agents compared to non-entrepreneurial role, face conditions of high uncertainty, ambiguity, time pressure, emotional intensity and high risk when making decisions. Similar conditions apply when entrepreneurial individuals negotiate with their internal and external stakeholders.

This book was initially born from an idea based on our joint research interests in entrepreneurship (e.g., Caputo, 2013, 2014; Caputo et al., 2016; Mehtap, Pellegrini, Caputo, & Welsh, 2017; Rialti, Pellegrini, Caputo, & Dabic, 2017) that culminated in the proposal of a successful track, now standing, at the 18th European Academy of Management Annual Conference, within the SIG of Entrepreneurship, titled "Entrepreneurial Decision Making and Behaviour".

However, having opened the call for chapters to several audiences beyond the EURAM Conference, we were able to gather a large number of high quality contributions from all over the world.

In the call for chapters of this edited book, we called for scholars to submit empirical, theoretical and review chapters, which try to bridge the literature on entrepreneurship, entrepreneurial and innovative behaviours with decision making and negotiation. To the best

of our knowledge, this edited book is among the first to combine those streams of research thereby offering a new and insightful addition to the entrepreneurship field.

In particular, we originally proposed three particular broad areas that deserve research attention:

1. Entrepreneurial Emotions, Passion and Trust
2. Entrepreneurial Cognition and Decision-Making processes
3. Entrepreneurship, Negotiation and Conflict Management

Every chapter that the reader will read in this book has undergone a thorough double blind peer review process. It started with authors submitting a chapter proposal in April 2018, which was reviewed and then authors were invited to submit a full chapter by July 2018. Chapters were then reviewed and finalised by the end of 2018. Offering the reader with contemporary and high quality research investigating the anatomy of entrepreneurial decisions.

Structure of the book

The book is composed of five sections, that aggregates the contributed chapters by areas of interest that together coherently represent the several dimensions constituting the anatomy of entrepreneurial decisions.

The first section, *Cognition of entrepreneurial decisions*, is devoted to the investigation of the mental schemata and other cognitive process affecting entrepreneurs making decisions. The section comprises four chapters, that cover topics from creativity (Ch.2), intuition (Ch.3), affect (Ch.4), and metacognitive abilities (Ch.5).

In chapter 2, Yagnik and Chandra present a contribution titled *Using creativity to defeat fear and manage ambiguity for enhancing Entrepreneurial Decisions*. Their study focuses on creativity and its potential role in overcoming fear and tolerating ambiguity, where both fear and ambiguity are known to be deterrents of entrepreneurial decisions. The chapter discusses Creative Aerobics (CA) as a strategy to enhance creativity and, in turn, overcoming fear of failure, and tolerating ambiguity/uncertainty to enhance entrepreneurial decision making process is discussed. The chapter also presents a conceptual model that maps the possible relationships among those elements.

In chapter 3, Baldacchino presents a contribution titled *Intuition in Entrepreneurial Cognition*. The author unpacks the concept of intuition, which it is widely claimed to play a central role in entrepreneurial cognition. It comprises three main sections: Understanding, Appreciating, and Developing intuition, which respectively aim at 1) clarifying what intuition is (and is not), 2) fostering the role of intuition as enabling element for opportunity identification and exploitation, and 3) reviewing principles, guidelines and methods that can increase intuition.

In chapter 4, Sassetti, Cavaliere, and Lombardi, present a contribution titled *Entrepreneurial Success: A Theoretical Contribution Linking Affect and Cognition*. Through a comprehensive theoretical framework, the authors contribute to further the understanding of how affect influences cognition and the outcomes of decision making in the context of entrepreneurship. The chapter explores the process that links affect and cognition with entrepreneurial decision-making effectiveness delivering five propositions. The propositions suggest that entrepreneurs can be considered as “quasi-rational” decision makers that adopt a complex, non-linear, multicriteria and recursive process.

In chapter 5, Najmaei and Sadeghinejad present a contribution titled *Metacognition, Entrepreneurial Orientation, and Firm Performance: An Upper Echelons View*. This chapter is grounded in the upper echelons theory, which suggests that cognitive diversity in top

management teams (TMTs) affects firms' operation and performance. Their study adopts a multidimensional view of entrepreneurial orientation, and proposes that diversity in the metacognitive ability of top teams has different impacts on each dimension of the team's entrepreneurial behavior and through this firm performance.

The second section *Joint entrepreneurial decisions* is instead dedicated the joint and reciprocal influences that entrepreneurs receive from their social network and how those affect their decisions. Specifically, the section inquires the advice network used by the entrepreneurs (Ch.6) and the family network in the case of family firms (Ch.7)

In chapter 6, Williams, Munyon, and Fuller with their contribution *Givers, Takers, and New Venture Makers: Why Help-Seeking Processes Are Critical (and Different) for Entrepreneurs*, address mechanisms used by entrepreneurs for seeking and receiving help when operating new ventures. In particular, the chapter inquires antecedents and outcomes of help-seeking behaviors, such as economic and social elements, individual differences of entrepreneurs, and a set of individual- and firm-level impactful outcomes.

In chapter 7, Caputo, Pellegrini, Valenza, Zarone present a research agenda on *Conflicts and Negotiations in the Intergenerational Succession of Family Firms: A Literature Review*. This highlights the need of a serious debate about conflicts in family businesses with the specific support of the negotiation theory to solve them. Despite the literature on conflict management is highly developed as well as the literature in family business, scholars and researchers have not yet deepened several areas of conflict management in family businesses and the chapter aims at identifying the issues and research gaps that should be explored for a comprehensive understanding of conflict resolutions in family businesses.

The third section *Passion and entrepreneurial decisions* pays mainly attention to the specific role of motivation and passion in entrepreneurship and in its effect on deliberate practice (Ch.8) and on the possibilities to be backed by Angel investors (Ch.9)

In chapter 8, Park, Martina, and Smolka with their study titled *Working Passionately Does Not Always Pay Off: The Negative Moderating Role of Passion on the Relationship Between Deliberate Practice and Venture Performance*, express a quite counterintuitive thesis about the relation between deliberate practices and firm performance. Indeed, deliberate practice, an iterative process that leads to expertise, is found to be positively associated with superior performance. Yet, passion is considered to be a vital motivator of engagement in and maintenance of deliberate practice. However, contrary to a general sense, entrepreneurial passion seems to negatively moderate the deliberate practice-venture performance relationship and the explanation of this negative moderation is explained through Kolb's experiential learning cycle.

In chapter 9, Taylor and his contribution *Angel Investor-Entrepreneur Fit: The Role of Personality and Passion* inquires the non-economic motivations to invest in risky start-ups of Business Angels. The chapter shows how entrepreneurs' personality and passion may stimulate Business Angels' motivation to invest, with a discussion of practical implications for both angel investors and entrepreneurs.

The fourth section named *Development of entrepreneurial decisions* focuses on how to develop and shape decisions and decision making processes of students in relation to their entrepreneurial intention (Ch.10) and of professionals and their long-life learning (Ch.11).

In chapter 10, Scafarto, Poggesi, and Mari present a study titled *Entrepreneurial intentions among students: the Italian experience*. The chapter tests the theory of planned behaviour

(TPB) and expands it by adding two “new” variables, i.e. risk-taking propensity and perceived environmental support through a structure equation modelling on a sample of 383 Italian undergraduate students. Results support this integrated entrepreneurial intention model also underlining the pivotal role of the environment to develop and foster the attitude towards entrepreneurship among students.

In chapter 11, Ceruti, Gavinelli, Chierici, Mazzucchelli, with their *Formative needs as antecedents of the decision making process: some insights from European raw materials professionals*, analyse formative/training needs of professional and how this influence their behaviours and choices. The chapter provides hints to the debate on lifelong learning, underlining some priorities in the raw materials industry. The methodological approach creates a new future research path since the work can be extended to other fields in order to plan and manage an overarching professional educational system in Europe.

Finally, the fifth section *External context of entrepreneurial decisions* analyses the ecosystems and environmental contingencies that may affect entrepreneurship and its related decisions and behaviours. Specifically, the role of the University (Ch.12), the public funding scheme (Ch.13), and the general ecosystems (Ch.14).

In chapter 12, Arnone titled his research *The Relationship between Entrepreneurship, Innovation and Growth in Italy* that inquires the innovations driven by academic entrepreneurship. This multidimensional approach sheds some lights on the University role inside two particular innovation ecosystems, science and technology parks and research spin-offs. The empirical analysis verifies whether research spin-offs can reduce development gaps compared to the targets set by Europe 2020 objectives.

In chapter 13, Corsi, De Luca, Prencipe titled their study *What start-up firms are more likely to obtain public funding support? A systematic analysis of the funding program promoted by the Abruzzo Region in Italy*. The chapter relates the profile of start-up firms, in terms of both entrepreneur and entrepreneurial project features, and their likelihoods of obtaining support through public funding. It seems that older entrepreneurs and entrepreneurial teams have a lower probability to be awarded by the public program compared to younger ones. However, project and firm related features seems not significant in determining whether a start-up will be awarded with public funds.

In chapter 14, Marshall, Caputo, and Mehtap titled their work *Nurturing Innovation through entrepreneurial ecosystems: what does the literature say?* This chapter presents a literature review about entrepreneurial ecosystems and its relationships with entrepreneurship and innovation. Reviewed studies were aggregated into clusters and interpreted through the Neck et al. (2004) framework, providing a systematized summary of the surveyed literature.

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