

Entrepreneurial Cognition and the Decision to Exploit a  
New Venture Creation Opportunity

By

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### **ABSTRACT**

This study focuses on entrepreneurial cognition and the decision to start a new venture opportunity. The entrepreneurial process used has four broad phases namely; the intention to start, opportunity identification, taking the decision to exploit (start-up) and taking action to execute the venture. The focus of the study is on the decision to start. The study reports empirically the results from an experimentally designed case analysis.

An attempt is made to clarify if any of the following constructs under discussion namely: risk perception, illusion of control, misconceptions or self-efficacy acts as a heuristic or bias and therefore influences the decision to exploit the opportunity. Entrepreneurs and non-entrepreneurs do not differ in their risk propensity but differ in their cognitive perception of the viability of the venture.

A case study method that deals with the animal feed industry was used to eliminate possible familiarity with the industry. The case study was followed by an eight-page questionnaire, developed with structured questions to be completed by the respondents. The respondents varied over groups of students in entrepreneurship, general business management students, and well as humanities students. Managers and practicing entrepreneurs form the rest of the researched population.

The study concludes that misconceptions, illusion of control and business risk perception, but not self-efficacy, influence the decision to start a business.

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