

Imperatives of Entrepreneurial Venture Growth: The Role of Cognition and learning of Entrepreneurs

Principal Topic

The complexity of the entrepreneurship literature base has offered a wide spectrum of scholarly inquiries. Given this, an entrepreneurial venture growth is one of the said core domains (Chandler, McKelvie, & Davidsson, 2009). Despite the high failure rate, thousands of individuals decide to start ventures everywhere in every year. Though only few of them reach to major success. Same time, it is suggested that a cognitive perspective may provide important insights into key aspects of the entrepreneurial process. Such as, why are some entrepreneurs much more successful than others (Baron, 2004). Therefore, rejecting the traditional view of entrepreneurial trait approach, this study reveal that the cognition of an entrepreneur is crucial to grow a venture and subsequently to prosper. Simply put, cognition is viewed as inherent psychological factors of the entrepreneur that drive to success. Given this, researcher further suggests that though the entrepreneur has the desired cognition to be prosper, the entrepreneurial learning becomes important as a moderator in the said relationship. Thus study conceptualize and bring a positive contribution to the existing fragmented literature by incorporating the core constructs of entrepreneurial cognition and growth, which is moderated by the learning of the entrepreneur.

Methodology / Key propositions

This study mainly built around the proposed model by the Baron (2004) in his one of seminal research papers. In that model he has proposed four core cognitive dimensions, which suggested having significant impact on venture success. Focally this study focuses on cognition factors of founders, to examine their potential for venture success through their entrepreneurial learning. The study has three objectives and which, are followed by two main hypothesis and four-sub hypothesis. First the study explains the total impact of entrepreneur's cognitive factors on venture growth. Then it explains what cognitive factors are significant and important for the venture success. Finally it explores the moderating effect of entrepreneurial learning on the relationship of cognitive factors and venture growth. The study was design as a quantitative research. To assert the research

questions, we adopt methodological approaches accordingly. The study is developed based on the population of the entrepreneurs registered in 17 districts, under the Small Enterprise Development Division, at the Ministry of Youth Affairs and Skills Development, Sri Lanka. Basically, the current study is a large scale cross sectional survey utilizing 250 entrepreneurs in order to get adequate number of respondents to execute structural equation modeling. Since the venture growth differences are prevailing within them, the study is extended to the above sampling frame. More specifically, the heterogeneity of the sample has obtained to assess a wide range of ventures. Self-administrated and structured questionnaire was used to collect data. Structured equation modeling was performed to test the relationships proposed in hypothesis. Four hypotheses were found to be significant including the moderation relationship and two-sub hypotheses were rejected.

Results and Implications

Accordingly, it was found that cognitive factors of entrepreneurs played a significant positive impact on venture growth. Further, counterfactual thinking and contrasting perception of risk were draw major impact for venture growth by them self. In addition, entrepreneurial learning was found to moderate the relationship between cognitive factors and venture growth. The findings of the present study offer several useful contributions. First it suggests that venture growth may be related to different cognitive factors. Second, the secret behind the successful entrepreneurs sets, as they may possess better-developed cognitive frameworks for accomplishing their task. Finally the findings of this research suggest that high learning entrepreneurs do indeed acquire better-refined cognitive frameworks for day-to-day business decisions and actions they take. Yet the above conclusion was subjected to the several limitations that should be addressed in the future research studies. Finally, researcher expresses the need for entrepreneurs and policy makers to consider these findings when running business.

Keywords: Entrepreneurial Cognition, Entrepreneurship Education & Training, Strategy, Psychology, Quantitative, Individual, Small/New independent Business, Performance and Growth