

Dissertation Abstract:
THE IMPACT OF ENTREPRENEURS' DECISION MAKING ON STARTUP SUCCESS:
INVESTIGATION, ANALYSIS, AND RECOMMENDATIONS

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When entrepreneurs recognize opportunities, they decide whether to start new ventures. The entry decision is the foundation of the new firm's strategy and plans. Decisions vary by method and in the evidence that the method requires. Major decision methods include rational decision making, heuristic decision making, and System 1 reasoning ("thin slicing"), each with particular merits and weaknesses.

Success of new ventures should vary according to the evidence that supports startup decisions, or the amount of evidence used. Outcomes should also vary with venture type. This study distinguishes between ventures that take profits through monopoly, and those that rely on arbitrage. Outcomes also deviate from expectations because of uncertainty, complexity, and surprise.

The present study surveyed 195 startups to examine entrepreneurs' entry decisions. Findings show little difference in the evidence used by successful and unsuccessful entrepreneurs. Entrepreneurs that considered customer availability before entry were more likely to earn revenue greater than their expenses, however. Analysis also showed that entrepreneurs who received post-startup funding considered more issues than their peers considered, on average. Entrepreneurs starting monopolistic ventures also considered issues with slightly greater frequency than entrepreneurs starting arbitrage-based ventures.

Pre-startup decisions by entrepreneurs are not a major cause of success in new ventures. Instead, successes may result mostly from post-startup execution and luck, which help startups adapt to changing conditions. These findings cast doubt on assumptions underlying prominent entrepreneurship literature, including recent works by Gaglio and Baron & Ensley. However, entrepreneurs can reduce the threats to decision making and startup by avoiding System 1 reasoning, avoiding bias, detecting obstacles to rationality, and protecting against forces that defeat planning.

Research should explore entry decisions further. Questions remain about why entrepreneurs perform an activity without a clear benefit. Research must also clarify the difference between entrepreneurs and other managers and distinguish between their actions and decisions, if a difference exists. Both of these topics demand interdisciplinary work in sociology, organizational behavior, and psychology. Such studies could materially change the foundations of entrepreneurship studies.