

# **Effective Decision-Making in Entrepreneurship: A Review of the Human Capital Factor**

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**Abstract:**

*Effective decision-making in entrepreneurship requires balancing analytical thinking with creativity, risk assessment, and adaptability. This article explores how human capital development enhances entrepreneurs' capacity to make informed decisions, fostering innovation, growth, and success in uncertain business environments.*

**Keywords:** *Decision-making, Entrepreneurship, Human capital development, Risk assessment.*

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## **I. Introduction**

The world presents a constant barrage of choices, driven by our needs and wants. The business environment mirrors this reality. Every day, everyone, including entrepreneurs and leaders, faces a multitude of issues and decisions, however, beyond simply making decisions, the ability to make the right ones is paramount. Accurate decision-making sets the course for a business' progress. A single wrong decision can have significant short and long-term consequences, impacting everything from profitability to market position. Therefore, effective decision-making, defined as choosing the option with the most positive outcomes, is a vital component of business success.

Decision-making in entrepreneurship is a process that demands a tailored approach based on the specific circumstances and goals of the business. Successful business decisions are made by balancing analytical thinking with creativity, intuition, and a willingness to take calculated risks. It is essential to gather relevant information, assess alternatives, consider potential outcomes, and make choices aligned with the overall vision and goal. A successful entrepreneur should be able to navigate the complex landscape of decision-making, adapt to changing circumstances, and execute strategies effectively.

Entrepreneurship necessitates decision-making in conditions of high uncertainty, making risk-taking an essential element of entrepreneurial activity Anna & Tadeusz (2009). Sexton and Lumpkin (2005) postulate that most successful entrepreneurs take only calculated risks considering all available information from reliable sources, as well as relying on knowledge and previous experience when making business decisions. When faced with high-stakes decisions critical to their company's survival, it is expected that experienced entrepreneurs leverage causal reasoning Zhao & Xie (2020). This involves meticulously analyzing all potential outcomes of each option. Additionally, they frequently seek out further information and consult with trusted advisors before and after finalizing their choice Zhao & Xie (2020). The capacity to make these decisions stems from training and knowledge gathered over the years. (Shepherd, Williams, & Patzelt 2015) This article aims to achieve several objectives. Firstly, it acknowledges existing research on decision-making as well as human capital development. Secondly, it delves specifically into the roles of decision-making and human capital development within entrepreneurship. More importantly, it examines the capacity factor of entrepreneurs and its role in effective decision-making. Thirdly, it explores the various factors that influence entrepreneurial decision-making and how human capacity development influences growth and promotes business success. Ultimately, this article seeks to investigate the human capacity development factor of decision-making and the roles it plays in helping entrepreneurs improve their decision-making outcomes.

## **II. Decision-Making And Entrepreneurship**

Decision-making is the process of solving problems by considering different solutions and picking the one that seems most likely to lead to a successful outcome (Nezu, Nezu, & D'Zurilla, 2007). It also involves weighing options, risks, and benefits to choose the best course of action. In the view of Schoemaker and Russo (2018), decision-making involves choosing future actions based on goals and resource limitations. Decision-making is the foundation of our personal lives. From seemingly trivial choices like what to eat for breakfast to life-altering decisions about careers and relationships, every day is filled with moments that require us to weigh options and choose a course of action. As emphasized by Pleskac (2012), these decisions are far-reaching, impacting every aspect of our journeys.

For Elbanna (2006), decision-making is a unique and interactive process incorporating a sequence of events from the time when decision-makers recognize the need to solve a problem until the time when they authorize a course of action to solve it. This definition gives rise to the premise that making a choice and following the choice through are two important but separate components of decision-making. Making decisions isn't always a straight line. Both studies (Elbanna, 2006; Schoemaker & Russo, 2018) highlight that it is often a loop - we define the problem, gather information, make a choice, then learn from the experience and potentially revisit earlier steps.

The act of making a decision can be a daunting task as it poses a lot of challenges to decision-makers. The decision must be made without complete knowledge of all the factors involved, often involving weighing different priorities and values, which can lead to conflicting options. Our ability to process information and analyze options is finite, making it difficult to consider all possibilities.

Effective decision-making on the other hand focuses more on the quality of the decision-making process and our ability to follow through with the right steps that will produce the best outcome rather than the outcome itself. According to Hogarth (2007), focusing solely on the achieved outcome can overlook the quality of the decision-making process itself. Even if an unexpected event leads to a negative outcome, the decision might still be considered effective if the process is sound and based on the best available information.

### **III. The Entrepreneur**

The entrepreneur is an individual who starts and manages a new business. They take on the risks associated with starting a business and aim to achieve growth and profit. Entrepreneurs are risk-taking individuals who are willing to invest their time, money, and effort in creating a new business venture. According to Knight (1921), the entrepreneur is an uncertainty-bearer, and he bears the burden of risk of the business.

Shapero and Sokol (1982) summarizes all the roles of an entrepreneur as follows:

- **Independent Decision-Making:** They have the freedom to make choices about how to run their businesses.
- **Opportunity assessment and engagement:** Entrepreneurs are quick to spot gaps in the market and act on promising ideas.
- **Innovation:** They can leverage existing resources in new and creative ways to create something new.
- **Leadership:** They can effectively manage their businesses and get the most out of their teams.
- **Risk assessment:** They are comfortable with uncertainty and understand the potential for both success and failure.

Casson (1982) argues that the defining characteristic of an entrepreneur is not necessarily their role within a company, but rather their superior decision-making skills. In his view, both managers and entrepreneurs can be considered entrepreneurial if they consistently make sound judgments that drive innovation and growth. For him, entrepreneurs are specialists who use judgment to deal with novel and complex problems. Thus, decision-making is a crucial characteristic of entrepreneurial activity.

#### **Effective Decision-Making and Entrepreneurial Success**

Effective decision-making is a crucial aspect of running a successful business. Every day, business owners and managers are faced with numerous choices that can significantly impact the future of their organizations. Whether it's deciding on a new marketing strategy or determining the best course of action during times of crisis, the ability to make informed and effective decisions is essential (Dean & Weber, 1997). From a strategic perspective, effective decision-making allows businesses to stay competitive in an ever-changing market (James, 2023). By carefully analyzing data, considering various options, and weighing potential risks and rewards, companies can make decisions that align with their long-term goals and objectives (Papulová & Gazova, 2016). This enables them to adapt to market trends, seize opportunities, and maintain a competitive edge.

Additionally, effective decision-making plays a vital role in fostering innovation within an organization. When leaders encourage employees to participate in the decision-making process and value their input, it creates an environment where new ideas can flourish. By involving different perspectives and experiences, businesses can generate innovative solutions to complex problems and drive growth (Thomas, 2017). Additionally, effective decision-making helps businesses manage risks more efficiently. By thoroughly evaluating potential risks associated with different courses of action, companies can minimize negative outcomes and protect their assets. As an example, Bastchen, Silva, & Borsato (2018) propose that when expanding into new markets or launching new products, careful analysis and consideration of potential risks can help mitigate financial losses and ensure success.

#### **Factors Influencing Entrepreneurs in Decision-making**

In entrepreneurship, decision-making refers to the ways and processes with which business owners and entrepreneurs make choices that often result in the growth and failure of the business (Covin & Slevin 1996).

Ultimately, effective decision-making in entrepreneurship requires a combination of creativity, critical thinking, risk assessment, and adaptability to navigate the dynamic and uncertain business environment. By making informed decisions, entrepreneurs can steer their ventures toward growth and success. Effective decision-making is at the core of entrepreneurship as business leaders constantly navigate a landscape of choices, from seizing growth opportunities to managing risks. These decisions carry significant weight, with long-term implications for the venture. The delicate nature of decision-making lies in the fact that choices made today can reverberate throughout a business's future.

However as rightly stated by Hodgkinson et al. (2023), decision-making can pose interesting challenges to leaders when they do not have the capacity to handle it. Several authors have highlighted the major factors influencing the decision-making capabilities of entrepreneurs including the level of information, market uncertainty, decision overload, and the capacity of the motivator (Inkpen & Tzokas, 2007; Schafer, Vogel, Grell, 2021; Bell, 1984)

**Level of information:** Entrepreneurs require sufficient information about market conditions, consumer preferences, and industry trends to make well-informed decisions. According to Inkpen and Tzokas (2007), entrepreneurs need to be able to see the big picture to make decisions and make strategic moves that will lead to the overall growth and development of the organization. The Organization for Economic Co-operation and Development (OECD, 2012) also states that the two biggest factors hindering SMEs' ability to outperform their competition are access to finance and access to proper information that is valuable for growth, highlighting the relevance of information in decision-making.

**Market Uncertainty:** Another factor is the level of uncertainty about the market environment. As Schafer, et al. (2021) rightly put it, the business environment is dynamic and unpredictable, and entrepreneurs must be willing to negotiate unpredictability and make decisions in the face of unknown outcomes. Hodgkinson, et al. (2023) state that entrepreneurs are in a constant struggle every day faced with the challenge of uncertainty and must be willing and able to adapt and make choices even under limited information if they are to stand any chance of survival.

**Information overload:** Whilst a lack of information may influence effective decision-making, too much information also impacts an entrepreneur's capacity to make decisions. Lashbrooke (2023) argues that when bombarded with too much information, entrepreneurs may struggle to make the right choices. With numerous options at their disposal, they can have difficulty effectively evaluating and prioritizing alternatives, leading to indecision or poor decision-making.

**The capacity of the decision maker:** The capacity of the decision maker is also a key factor that influences decision-making (Samstad & Pearce 2005). Bell (1984) notes that the development of human capital, particularly among decision-makers in organizations, can lead to the formulation of more effective decisions. Xu (2021) through his work, notes how their capacity influences decision-making by helping them make more effective decisions and improving their attitude toward risk.

To understand the characteristics of entrepreneurs and the factors that led to the decision to start a business, it is important to examine real-life scenarios where entrepreneurs have made decisions, using Airbnb and Telsa, Inc. as case studies.

**Airbnb and Telsa case studies**

Feature	Airbnb	Tesla, Inc
Founded	2008	2003
Founders	Brian Chesky, Joe Gebbia, Nathan Blecharczyk	Elon Musk, JB Straubel, Martin Eberhard, Marc Tarpenning, and Ian Wright
Industry	Hospitality	Electric Vehicles & Clean Energy
Disruption	Sharing economy, transforming travel lodging	Pioneering electric cars and sustainable energy solutions
Key Innovation	Online platform for short-term rentals	High-performance electric vehicles and battery technology
Factor influencing decision	<i>Level of information:</i> The founders' own experience of difficulty securing affordable accommodation during a conference became a powerful validation of a real need in the market. This experience significantly influenced their decision to launch the business.	<i>Capacity of decision-makers:</i> The team benefited from the experience of a founder who was already a successful businessman. Their prior role at PayPal, a well-known online payment platform, equipped them with a strong track record in business development.

Steps taken to make effective decisions	<ul style="list-style-type: none"> <li>• <b>Recognize the opportunity:</b> The founders identified a market gap in the hospitality industry, recognizing the untapped potential of unused living spaces and the growing demand for unique and affordable travel accommodations.</li> <li>• <b>Plan strategically:</b> They developed a platform that allowed individuals to list their properties for short-term rentals, leveraging technology to streamline booking processes and facilitate communication between hosts and guests.</li> <li>• <b>Allocate resources:</b> Airbnb secured funding from investors to fuel its growth and expansion, allocating resources towards marketing, platform development, and customer support.</li> <li>• <b>Implement and Adapt:</b> The platform launched in 2008, initially targeting attendees of a design conference who required affordable lodging. Over time, Airbnb adapted its business model and expanded its offerings to include a diverse range of accommodations, experiences, and services.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Recognize the opportunity:</b> The founders recognized the potential of electric vehicles to address environmental concerns and meet the growing demand for sustainable transportation alternatives, positioning Tesla as a leader in the EV market.</li> <li>• <b>Plan strategically:</b> Tesla developed a comprehensive strategy focused on product innovation, vertical integration, and brand building, aiming to create a compelling value proposition for consumers and differentiate itself from competitors.</li> <li>• <b>Allocate resources:</b> The company secured funding through private investors, government grants, and public offerings, allocating resources towards research and development, manufacturing infrastructure, and expanding its product lineup.</li> <li>• <b>Implement and Adapt:</b> Tesla launched its first electric vehicle, the Roadster, in 2008, followed by the Model S, Model X, and Model 3, each offering advanced technology, performance, and sustainability features. The company also expanded into energy storage and solar energy solutions, diversifying its offerings and revenue streams.</li> </ul>
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*Sources: Knowledge at Wharton Podcast (2017); Business Insider (2023).*

In both scenarios, the founders demonstrated key characteristics of successful entrepreneurs: the ability to identify opportunities, plan strategically, allocate resources efficiently, and implement effectively. These characteristics have been echoed by several authors, including (Covin & Slevin 1996; Shapero & Sokol 1982; Casson, 1982).

For Airbnb, the decision to start the business was largely influenced by a validated need. Their personal experience of struggling to find affordable accommodation during a conference served as a strong validation of the need for their product. This highlights the importance of the "information factor" in decision-making, as discussed by Inkpen and Tzokas (2007) in his work.

Similarly, Tesla identified a gap in the market that influenced its decision to enter the electric vehicle space. The founders recognized that established automakers weren't prioritizing electric vehicles, and Tesla saw an opportunity to become a leader in this emerging market. One of the founders, Elon Musk, was already a renowned businessman and had proven capacity in business development. His experience at PayPal, a successful online payment platform, had equipped him with a strong capacity for business (Biography, 2022). This experience proved invaluable, providing him with the knowledge to build and scale tech companies, raise capital, and navigate the complexities of the tech industry.

#### **IV. The Concept Of Human Capital Development And Entrepreneurial Success**

The term human capital refers to the economic value of a worker's experience and skills (Investopedia, 2023). Human capital includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality ( The Balance, 2023). Human capital development refers to the process of enhancing and improving the skills, knowledge, abilities, and overall potential of individuals within a society or organization (Schultz, 1964).

According to research conducted by Monye (2023), human capital development was synthesized into three major areas: mentoring; training and development; education and learning. He states that these can all be utilized to address specific requirements and goals, such as enhancing work performance, obtaining new information and experience, or addressing specific needs and goals.:

- **Mentorship:** Guidance from experienced business leaders provides invaluable insights and helps navigate complex decision-making processes. The role of mentorship in leadership cannot be overemphasized. Clutterbuck (2018) argues that mentorship is a critical ingredient in leadership and that mentors, through their experience, can provide valuable insights and guidance on critical leadership decisions, including strategic planning, team management, and navigating complex business situations.
- **Training:** Targeted training programs and workshops can address specific business challenges and equip entrepreneurs with the latest industry trends and technologies. In the research of Russell (2017), she observes that training programs can lead to improved business performance, particularly when programs are tailored to address specific business challenges. Murray (2014) also shared a similar view but this time was for newer ventures where he notes that training programs can positively influence the performance of new ventures,

potentially by equipping entrepreneurs with the necessary skills and knowledge to navigate challenges and adapt to changing market conditions.

- **Education:** According to Francoeur (2014), formal education provides a strong foundation for entrepreneurial success. In the findings of her research, she notes that obtaining relevant degrees and certifications equips entrepreneurs with foundational knowledge and problem-solving skills.

Unger (2014) highlights that entrepreneurial success has long been seen as dependent on investments in human capital, which encompasses factors like education, experience, knowledge, and skills. Investors have historically placed a high value on entrepreneurial experience when evaluating a firm's potential, with management skills and experience being some of the most paramount factors that venture capitalists consider when selecting investment companies (Jang, 2005). Furthermore, researchers suggest that human capital will play an even more prominent role in the future due to the ever-increasing emphasis on knowledge-intensive activities across most work environments (Brynjolfsson, 2015).

To date, the interest in human capital continues, with most authors concluding that human capital is related to success (Becker, 2015; Mincer, 1993; Unger, 2014).

## V. Improving Decision-Making Outcomes In Entrepreneurship

According to Cardon (2005), training equips individuals with the knowledge and skills necessary to analyze situations, identify relevant information, and understand potential consequences which in turn enables them to make the right decisions. In 2022, an experiment was carried out using both a treatment group and a control group to investigate the impact of capacity building on key business areas including operations, business decision-making, and sustainability (Monye, 2023). Various dimensions of the business decision-making capacity of the executor were explored including decision-making, self-efficacy, identifying opportunities, risk appetite, interest in learning, and business expansion. To understand the relevance of these dimensions, we will examine the work of several authors over the years.

- **Decision-making:** Ries (2011) notes that developing entrepreneurial capacity helps to foster creative thinking, risk-taking, and effective decision-making.
- **Self-Efficacy:** Self-efficacy refers to a person's belief in their capabilities to achieve a goal or complete a task. Unger, et al. (2011) explored the connection between self-efficacy and decision-making in entrepreneurship and found that individuals with higher self-efficacy were more likely to perceive opportunities as achievable and make decisions to pursue them. Drnovsek, Wincent, and Cardon (2010) also conducted research examining how self-efficacy influences the way entrepreneurs perceive opportunities and found that higher self-efficacy led to a more positive assessment of opportunities and a greater willingness to act on them.
- **Identifying Opportunities:** Wenneker, Debackere, and De Man (2010) emphasized that capacity-building workshops and training can enhance entrepreneurs' ability to identify and create business opportunities by helping them develop critical thinking, innovative decision-making, and opportunity recognition skills. Further work by Korpysa, Singh, and Singh (2023) also explores the link between capacity building and effective decision-making for sustainable startups, suggesting that capacity-building programs can improve entrepreneurs' awareness of crucial factors in opportunity identification, such as market trends, customer needs, and competitor analysis.
- **Risk Appetite:** Cox, Mueller, and Moss. (2002) linked higher self-efficacy to an increased risk appetite, as entrepreneurs become more confident in their ability to manage challenges and navigate uncertainties. Jain (2011) conducted a meta-analysis on the impact of training programs on entrepreneurial competencies and their analysis suggested that training programs can positively influence risk-taking behavior in entrepreneurs. This was further echoed by Costin, O'Brien, and Slattery (2018) whose work highlights how simulations can help entrepreneurs develop decision-making skills and become more comfortable with taking calculated risks.
- **Interest in Learning:** Amin (2015) explored the concept of "learning orientation" and its impact on entrepreneurial success. Learning orientation refers to an individual's disposition towards continuous learning and acquiring new knowledge. Their research suggests a strong positive correlation between learning orientation and entrepreneurial success, implying that entrepreneurs who are more interested in learning are more likely to thrive.
- **Business Expansion:** Kuratko, and Hodgetts (2004) published research on the impact of training programs on business growth and development. The analysis suggests that training programs can positively influence entrepreneurs' willingness to expand by enhancing their knowledge of market opportunities, financial management, and strategic planning, all of which are crucial for successful expansion.

The experiment was conducted between 2022 and 2023 and aimed to answer the question: can training programs improve entrepreneurial decision-making?

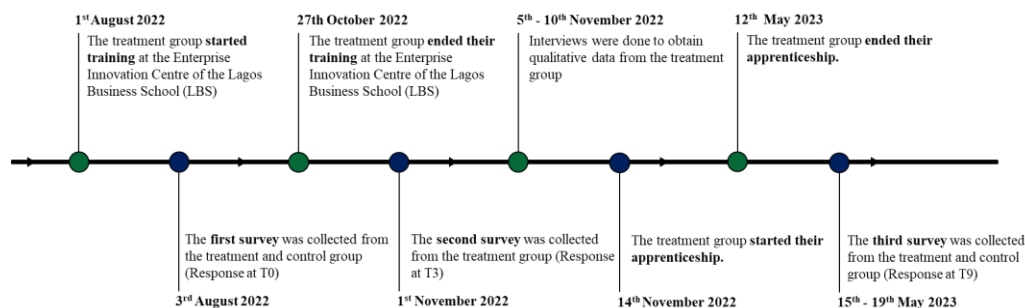


Figure i: Timeline for research experiment and data collection

## VI. Methodology

This experiment adopted a controlled interrupted time series approach, using a treatment and a control group. The research examined the impact of a training and apprenticeship program on a group of 69 participants. It used a non-random sample with individuals from diverse backgrounds.

The research also deployed appropriate statistical methods, coding procedures, and cross-checking of the results for consistency. Statistical methods were used to analyze and identify patterns and trends in the data. Coding procedures were used to categorize the data and ensure that it is easily interpretable. Cross-checking of the results was also done to ensure that the findings are consistent with each other. By employing these methods, the data collected becomes reliable and valid. A specific statistical test, the Wilcoxon signed-rank test, was used to compare the participants' skills before and after the program (T0 and T3, T0 and T9). This test helps determine if the training had a significant impact.

### Test of Differences between T0 and T3 using the Wilcoxon signed-rank test

Measured parameters	T0	T3	Differences	Positives	Diff	Rank	Signed Rank
C1. Accounting for SMEs	3.676	3.732	-0.056	-1.000	0.056	25	-25
C2. Business model canvas	3.732	3.775	-0.042	-1.000	0.042	22	-22
C3. How and when to write a winning business plan and how to use it	3.845	3.887	-0.042	-1.000	0.042	22	-22
C4. How to position your business for AfCFTA	3.296	3.310	-0.014	-1.000	0.014	8	-8
C5. Human resource management	4.169	4.127	0.042	1.000	0.042	21	21

### T0 and T3 Analysis

Null hypothesis (H0): There's no difference in skills between T0 and T3.

Alternative hypothesis (Ha): There's a significant difference in skills between T3 and T0.

The Wilcoxon signed-rank test was used to analyze the differences in ranks between T0 and T3 for each participant's skills.

At the end of the test, the p-value (0.0058) was less than the chosen significance level (alpha = 0.05). This allows us to reject the null hypothesis, indicating a statistically significant difference in skills. A positive W statistic further suggests an improvement in skills for participants after the training (T3). The analysis shows a statistically significant improvement in the skills of the treatment group between T0 and T3, signifying a positive impact from the training program.

### Test of Differences between T0 and T9 using the Wilcoxon signed-rank test

Measured parameters	T0	T9	Differences	Positives	Diff	Rank	Signed Rank
C1. Accounting for SMEs	3.6761	5.1569	-1.4808	-1	1.48081	25	-25
C2. Business model canvas	3.7324	5.4902	-1.7578	-1	1.75780	30	-30
C3. How and when to write a winning business plan and how to use it	3.8451	5.3333	-1.4883	-1	1.48826	26	-26
C4. How to position your business for AfCFTA	3.2958	4.7255	-1.4297	-1	1.42972	24	-24
C5. Human resource management	4.1690	5.4510	-1.2820	-1	1.28197	19	-19

### T0 and T9 Analysis

Null hypothesis (H0): There's no difference in skills between T0 and T9.

Alternative hypothesis (Ha): There's a significant difference in skills between T0 and T9.

Similar to before, the Wilcoxon signed-rank test is used due to paired data. At the end of the test, the p-value (again 0.0058) was less than the significance level (0.05), allowing rejection of the null hypothesis. This

indicates a statistically significant difference in skills. The positive W statistic suggests improvement in skills for participants after the longer training period (T9). Similar to the T0 vs T3 analysis, this section concludes that the training program resulted in a statistically significant improvement in the skills of the treatment group between T0 and T9

**VII. Discussions**

The outcome of the Treatment Group vs. The Control Group (LBS, 2023)

Capacity of the executor	Dimension	Treatment Group (T0)	Treatment Group (T9)	Control Group (T0)	Control Group (T9)
Decision-making	Decision-making	✗	✓	✗	✗
	Self-efficacy	✓	✓	✗	✗
	Identifying opportunities	✗	✓	✗	✗
	Risk appetite	✗	✓	✗	✗
	Interest in learning	✓	✓	✗	✓
	Business expansion	✗	✓	✗	✗

Key	
Medium to Very High	✓
Very Low to Low	✗

*(Treatment group: 66 respondents; Control group: 19 respondents)*

The experiment yielded a clear distinction between the control and treatment groups. While the control group's opinions regarding decision-making remained largely unchanged throughout the training program (T0 to T9), the treatment group exhibited drastic changes in their perspectives, suggesting that exposure to the training significantly impacted their knowledge.

Frese and Gielnik (2023) conducted a study that suggests that entrepreneurs with a stronger understanding of the business environment are more likely to engage in calculated risk-taking. This implies a connection between increased knowledge and a greater willingness to take risks. The experiment's findings further suggest that entrepreneurs become more willing to take calculated risks and exhibit a larger risk appetite after the training. This indicates that effective human capital development can influence not only risk-taking behavior but also risk recognition and assessment.

The experiment's findings also align with the research conducted by Rauch and Hulsink (2015) that investigated the positive impact of entrepreneurship education and training programs on the creation of new businesses (new firm formation rates). The experiment found that training programs empower entrepreneurs with the essential skills and knowledge to launch and grow thriving businesses.

The experiment also revealed a significant enhancement in the capacity of participating entrepreneurs for business expansion following the completion of the training program. Entrepreneurs who previously lacked the necessary knowledge or confidence for expansion showed a marked improvement in their capabilities following the program. This is likely due to the training providing them with:

- **Essential Business Skills:** The program likely equipped them with practical skills in areas like business planning, financial management, marketing, and human resource management. These skills are fundamental for navigating the complexities of business growth.
- **Enhanced Entrepreneurial Self-Efficacy:** The training may have boosted participants' confidence in their ability to handle the challenges associated with expansion. This newfound self-belief can be a powerful motivator for entrepreneurs to pursue growth opportunities.
- **Expanded Networks:** The program might have facilitated connections with mentors, investors, and other key players in the business ecosystem. Access to such networks can be invaluable for entrepreneurs seeking guidance, resources, and potential partnerships to support their expansion endeavors.

As Sarasvathy (2001) argues, entrepreneurs may not always be fully aware of the limitations of their knowledge. Our findings support this perspective by demonstrating that the control group, lacking the training intervention, likely remained unable to identify new opportunities and understand the complexities involved in expanding their businesses.

The significant improvements observed within the treatment group provide strong evidence that the training program successfully enhanced decision-making capabilities. By equipping participants with relevant knowledge and practical skills, the program empowered them to critically assess their businesses' potential for

growth. The skills and knowledge acquired through the capacity building exercise likely equipped them to proactively identify opportunities that may have been missed previously.

### VIII. Recommendations

Based on the findings of the study, the following recommendations are made:

- **Prioritize Capacity Development:** The study underscores the critical role of capacity development as a fundamental building block for entrepreneurial and business success. Leaders and entrepreneurs are encouraged to invest in initiatives that enhance their knowledge, skills, and overall capabilities.
- **Targeted Training for Specific Needs:** While capacity development offers a broad foundation, the study further emphasizes the importance of pursuing training programs specifically tailored to address individual entrepreneurial challenges and goals. Focusing on targeted training ensures the acquired knowledge and skills can be directly applied to the entrepreneur's unique circumstances.
- **Mentorship and Collaboration:** The findings suggest that actively seeking mentorship and collaboration opportunities fosters additional capacity development. Entrepreneurs are encouraged to leverage the expertise and experience of mentors and collaborate with peers to enhance their skillset and decision-making abilities.
- **Immediate Application of Learnings:** The study emphasizes the importance of applying the knowledge and skills acquired through training programs to real-world scenarios, even on a smaller scale. Early application leads to a deeper understanding of the concepts and facilitates a smoother transition to larger-scale implementation. By actively applying their learnings, entrepreneurs can solidify their skills and enhance their overall effectiveness.

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