

RISK PERCEPTION ANALYSIS AND THE ENTREPRENEUR'S FINANCING DECISION

ANALYSE DE LA PERCEPTION DU RISQUE LIE A LA DECISION DE FINANCEMENT CHEZ L'ENTREPRENEUR

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Abstract

Researches on SMEs are treated from both strategic and entrepreneurial point of view. Based on these two perspectives our research aims to determine the position occupied by the risk perception in the financing decisions made by Moroccan entrepreneurs. By referring to prospect theory, Kahneman and Tversky (1979) defend the idea that the choice of the strategic decision in a context of uncertainty is intimately linked to the way in which risk is defined and perceived by the decision-maker. Our empirical study is conducted via the case study method, our results reveal that entrepreneurs integrate emotions, personal relationships, and common beliefs in their financing decisions, while the financial patterns just complete their choice, and do not determine it.

Résumé

Les recherches sur les entrepreneurs dirigeants des PME sont traitées tantôt d'un point de vue stratégique, tantôt entrepreneurial. La recherche dont il est question, ici, tiens ses fondements depuis les deux dimensions. Notre objet de recherche vise à déterminer la place du risque perçu dans les décisions de financement entreprises par l'entrepreneur dirigeant de la PME marocaine. En se référant à la théorie du prospect, Kahneman et Tversky (1979) défendent le constat selon lequel le choix de la décision stratégique en contexte d'incertitude est intimement lié à la façon avec laquelle le risque est défini et perçu par le décideur. Se basant sur une étude qualitative de cas multiple auprès de quatre entrepreneurs dirigeants, nous nous sommes rapprochés de la réalité marocaine et nos résultats révèlent que l'entrepreneur dirigeant marocain intègre les émotions, les relations personnelles et les idées reçues dans les décisions de financement, alors que les paramètres de calcul complètent son choix et ne le déterminent pas.

INTRODUCTION

The quantitative definition of SME has been the subject of several debates in the literature and has been described as a "primary" definition (Julien, 1990). Thus, the definition of SMEs should take into consideration the relationship that the company maintains with its environment and adopt a managerial and organizational approach (Julien, 1990). The management system of SMES is specific (Marchesnay, 1991). This specificity stems from the overall character of its management and the dominant role of the owner-manager (Marchesnay, 1991; Gueguen, 2009).

In this paper we are interested in the variety of the means of financing available to the Moroccan SME entrepreneurs which gives them possibilities of choices which are often limited by constraints. Indeed these funding constraints are often linked to entrepreneurs' preferences. Entrepreneurs' perception of risk may lead maybe to the origin of funding decision orientation. The risk, as a notion, is not new within the enterprises. It is part of the daily concerns whatever the size or the sector of activity of their companies (Rannane & Talbi, 2019). Olsen (2011) argues that decision comes from emotional and cognitive elements, and that it is completely rational to link them to the perception of risk. Therefore, the perception of risk is a determinant of the entrepreneurial decision making (Fayolle, Barbosa, & Kickul, 2008). By definition, risk perception refers the individual assessments of risk inherent in a situation (Sitkin & Pablo, 1992). The domination of subjective elements, as well as the inadaptability assumption of the neoclassic theory concerning the maximization of wealth, as the ultimate purpose of the entrepreneurs, have led researchers to use cognitive elements to explain funding decisions (Sapienza, Korsgaard, & Forbes, 2003).

The entrepreneurs behavior in front of financing resources which he possesses or to which he can have access, depends on the characteristics of his firms strategy and objectives, it is in this sense that we formulated our research question: *how does the entrepreneur determine his financing strategy by integrating his own perception of risk?* To ask this question we structured our paper in two parts, the first discusses the theoretical foundations of entrepreneurs' decision making, then we present the principal researches which approached the risk perception of the entrepreneurs, by confronting the disciplines of entrepreneurial finance, psychology and cognitive psychology. The second part will discuss our findings from a qualitative study of multiple cases with four executive entrepreneurs, and try to identify

sources of risks related to the financing decision, better understand the perception of the risk and assess the impact of this perception on the financing decisions and choice.

1. Risk perception and decision: a theoretical framework

1.1 The entrepreneur's decision

Many entrepreneurs wish to accomplish some things other than to amass wealth. Many want to create something, to shape an organization. The entrepreneur is required to be vigilant in its actions, analytic in his decisions and finally rational in his thinking. By rationality we do not mean economic rationality, simply because perceptions and emotions may place limits in rational economic decision making. Consistent with this view, Sapienza et al (2003) point that economic rationality is not the only salient form of rationality, because the choices and decisions may decline from multiple considerations, including emotions and motivations. Gilbert (1998) and Gaulin (2001) also adhere to the idea that emotions must be seen as the development of human wisdom products, and from this perspective we cannot consider them as opposed to rationality.

According to Kraus and Mitter (2011) the deployment of the results of studies psychology and sociology provides adequate knowledge of scientific framework junction of researchers in entrepreneurship and behavioral finance. Repeating the same words of Bayad and Garand (1998), we can say that the entrepreneur lacks qualitative and quantitative formalized tools, and have to trust on its own strength, on his personal network, his judgment and his intuition. The Results shown by these authors stipulate that there are about eight qualitative investigated methods that can be used by entrepreneurs for strategic decision-making, and empirically verified those most commonly used. From twenty interviews, one of the eight proposed techniques was deemed "appropriate" for strategic planning (used by 17 respondents of 20): the judgment or common sense technique, which enables to the entrepreneur asking opinions and views. A second was chosen as "interesting enough" by 11/20 entrepreneurs, it's about analyzing the others successes and mistakes, and its own ones to. This study clearly shows the predominant use by entrepreneurs of the simple qualitative methods which constitute the basis of their decision making.

Yazidpoor (2011) defends the same idea and demonstrates that in sum, both the financial economics and the general entrepreneurship disciplines have little to say regarding the dynamics of decision making and risk taking by entrepreneurs and venture capitalist.

However, by building upon the new developments from the fields of cognitive psychology and neuroscience, we may be closer than ever to developing real-life risk/uncertainty models that could explain the decision processes that are used as road maps in key entrepreneurial actions.

Entrepreneurial actions that require decision making under conditions of extreme risk and uncertainty; including entry/exist judgments, venture capital investment decisions, growth and expansion evaluations, economic development and job creation measures, etc.

By referring to the cognitive approach, our theoretical framework about entrepreneur's financing decision acquires a strategic, entrepreneurial and psychological character. It still different from the previous analysis developed on neoclassical finance but remain essentially complementary.

1.2 The theoretical foundation of risk perception in decision making

The decision-making concerning financing choice issues is due to the variety of financing options available to SMEs, which do not processes the same purpose, every phase of progress (or development of the firm) has its own challenges and its own funding needs (Diamane & Koubaa, 2014), On the other hand the "entrepreneur class means and financing methods available on the market according to his perception, its own objectives and motivations, and most of the time it is in inability to see clearly or interpret accurately the decision situations where he's located (Belanes & Hashanah, 2010).

In this study our target goal is to analyze the influence of entrepreneur's risk perception on his decision making process, specifically the decision of financing choices, in fact, research that have focused on entrepreneur's decisions financing, tend to explain the financing structure adopted by entrepreneurs as a function of the availability of financing and its cost, except that a significant number of researchers introduced an interesting concept in their analysis: "The possibility that non-economic parameters (other than maximizing profits or minimizing costs) guide the choices made by entrepreneurs for example their preferences and motivations" (Sapienza & al., 2003).

According to Petty & Bygrave (1993), capital structure decisions are very much dependent on the owner's personal preference for risk-taking, rather than on a strict evaluation of relative costs for different financial possibilities. The risk reflects the degree of uncertainty

or a potential loss, associated with expected results that lead to different behavior or different set of behaviors Yates and Stone (1992) (cited by Forlani & Mullins, 2000) identify three elements that lead to construct risk, the first relates to the potential losses, second is the importance of these losses and the third is related to the uncertainty of these losses. From this perspective the risk is seen as a possibility of non realization of a considered and expected level of profitability.

Based on the fact that entrepreneurs are divided into two categories, Cooper and Dunkelberg (1986) (as cited by Chaganti, DeCarolis, & Deeds, 1996) identified two types of entrepreneurs: craftsman entrepreneurs and managerial entrepreneurs. The former are those who are strongly motivated to do what they want and enjoy being their own boss. Craftsmen are motivated by a personal challenge or life style need. Managerial entrepreneurs are motivated by economic gain or building something for a family. Their interest is in building an organization so they are more concerned with administrative details and control systems. Individuals characterized as "craftsman" emphasize personal challenge and personal life style needs. They desire more control over their own affairs and avoid dependence on others. We will say that financing decisions are also affected by the profile and dominant preferences. This is reflected in the choice of the capital structure, and each category apprehends her relationship with risk-taking according to the perception, goals and preferences. At that level Sitkin & Pablo (1992) argue that the differences of characters and preferences among individuals may explain much of the behavior differences arising risky choices.

So some people are motivated by upside potential, while others are motivated by security. Subsequent research by Sitkin and Weingart (1995) supported this contention. Several individual difference and contextual factors influence risk propensity and risk perception, which we believe have implications for how entrepreneurs handle risk regarding the sharing of control. The role of risk propensity¹ in entrepreneurship has received considerable empirical attention. The findings of a recent meta-analysis indicate that entrepreneurs, especially those whose primary goal is growth as opposed to income, are significantly more risk seeking than non-entrepreneurs or managers (Steward & Roth, 2001). Individuals with a high risk appetite perceive the associated risks a decision inferiorly to those with low-risk propensities. Perception risk, in turn, should influence the choices between risky alternatives.

¹ Risk propensity refers to the general tendency of the individual to take or avoid risks (Sitkin & Pablo, 1992).

1.3 The perception of risk in the choice of the financing strategy

Decisions on the capital structure of "SMEs are often depends often of personal preferences in risk-taking, rather than the costs of different funding opportunities (Petty & Bygrave, 1993 cited by Sapienza et al, 2003). The issue of financing has traditionally been studied from a financial perspective, where Risk propensity is defined as the tendency of a decision maker to take or avoid risk (Sitkin & Pablo, 1992), but analysis is generally lacking with respect to the reasons for, or explanations of, private equity financing grounded in cognitive, motivational and cultural forces infusing decision making for the case where opportunities offered by advanced financial markets are absent (Morandin, Bergami, & Bagozzi, 2006).

It's about a positioning game of ends and means in entrepreneur's cognitive schemes. For some, Being at the head of the command is just means of maximizing wealth, for others it is the ultimate goal and to generate wealth and profit is only the means to reach top command. In summary, this study contributes to our understanding of why entrepreneurs (and firms) make the decisions they do, we defend the idea that whatever the preferences and objectives of managers entrepreneurs, the risk of fail in accomplishment and the risk of not achieving its goals is an important factor that is often considered in the choice made by these individuals, even for the financing decision which generally is subject to rules and settings calculation. This topic has important theoretical, methodological and practical implications, the theory of "Expected utility" is a part of important analysis in concerning finance studies, except that, several empirical studies have shown that assumptions of the theory of "expected utility are constantly violated when attempts to explain the decisions of individuals in risky conditions (Mattos & Garcia, 2011). As a consequence, researchers have developed alternative theories to explain choice.

In financial applications Prospect Theory (PT) developed by Kahneman and Tversky (1979) and Tversky and Kahneman (1992) appears to offer the most promising non-expected utility theory for explaining decision making under risk. Prospect theory differs from the expected utility paradigm in that choice is influenced by probability weighting and loss aversion. Probability weighting reflects the notion that decision makers use transformed probabilities rather than objective probabilities in making choices. Loss aversion posits that decisions are made in terms of gains and losses rather than final wealth, and individuals react

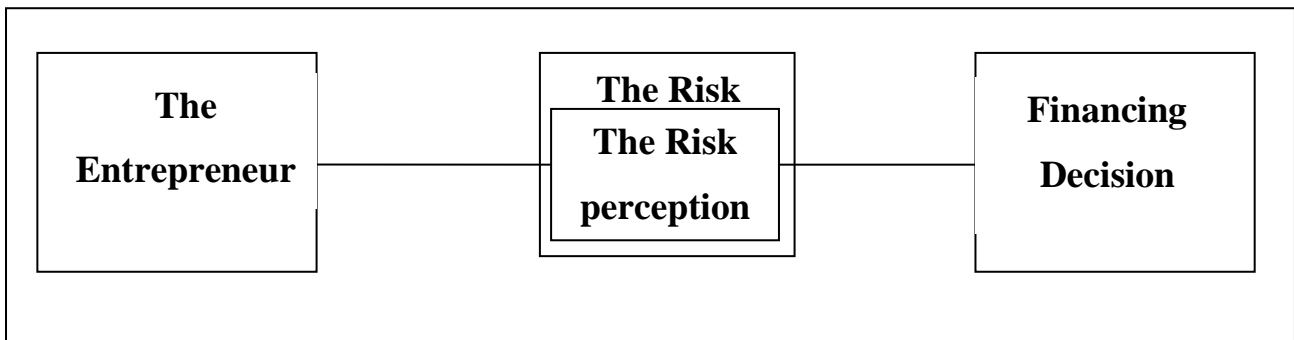
differently to gains and losses. The choice model under prospect theory has two fundamental components: a weighting function that reflects a nonlinear transformation of probability, and a value function that incorporates loss aversion.

According to Schmidt (2006), the contribution of Kahneman and Tversky is explained in the following way: Kahneman and Tversky do not consider the agents' preferences as known and defined on the whole of the possible consequences of their decisions. For them the reference is in pleasures and pains that the individuals associate with past events. It's the memories of those experiences that shape the expectations of agents when they're making decision. Olsen (2011) joined our analysis by stating that the description and construction of the process of perception of risk, treated according to the Prospect theory and its extension on cognitive biases, is valid for both the brain processes of investors and entrepreneurs. According to the same source: "Most discussions of entrepreneurial behavior are heavily weighted toward the subject of risk because the activity is viewed as involving a willing acceptance of greater financial uncertainty". Earlier literature suggested that entrepreneurs had a high personal tolerance for risk that accounted for their risk proclivity. More recent research has shown that risk tolerance has little explanatory value. Instead, it appears that the nature of entrepreneurial activity causes budding entrepreneurs to select and weigh information in such a way that risk perceptions are very often "low side biased". The entrepreneurial environment skews the decision process to using multiple decision rules conducted by emotional patterns, which make the performance ratio (risk/ profitability) more favorably perceived.

An essential element about this process is the emotional tendency to equate high expected return opportunities to lower levels of risk (Belanes & Hashanah, 2010). In addition, there is evidence that entrepreneurs tend to give more weight to the expected results compared to potential risk associated with these results. Additional research has suggested that cognitive errors associated with overconfidence, feelings of control, and a belief in the "law of small numbers" further exacerbate the downward affective risk bias, Belanes & Hashanah (2010). In entrepreneurial environments, we see the full influence of the dual decision² process and how it can lead to biased risk perceptions. Entrepreneurs do not appear to have significantly higher risk tolerance; they just judge the perceived risks to be less threatening Olsen, (2011).

² Affective and cognitive, see Yazidpoor (2011) « Advances in entrepreneurial finance » for more details.

Figure1: Conceptual Framework



Source : Ahl-Maatallah & Rigar

2. Empirical case study

2.1 Research Methodology

For our empirical research a qualitative methodology of case studies was selected. Indeed qualitative data are attractive, it provides rich descriptions and deeply founded explanations of processes rooted in a local context (Miles & Huberman 1994) and are consistent with our epistemological position. We have deliberately chosen managers who created their businesses to ensure the entrepreneurial character. We are committed to ensuring a selection of cases in the same sector's activity.

We have proceeded deliberately by qualitative interviews. Yin (2011) explains that qualitative interviews aim at understanding participants "on their own terms and how they make meaning of their own lives, experiences, and cognitive processes". We realized four extended interviews with four manager-entrepreneurs, E1, E2, E3 and E4, in four case studies (Table 1) and a contextual analysis of documentary secondary data (within press articles and websites), the objective is to collect the essential to understand the reality in an exploratory approach. Two entrepreneurs have preferred to keep the "anonymity of the answers, so we protect confidential sources and informants.

We have preferred the face to face interview, which allowed considering the influences of the local context which we have given a prominent place. The activity in question belongs to private security sector. Our recordings were transcribed fully in order to perform manual techniques for analyzing qualitative data by thematic content analysis.

Table 1: Cases' description

The SME	The Activity	Financing option
AMT, E1	Security & cleaning	Personal funds
AGS, E2	Digital security	Personal funds & Incubation
CO,E3	Security & cleaning	Personal funds
MT,E4	Security & cleaning	Personal funds

Source: Ahl-Maatallah & Rigar

2.2 Moroccan Context: SMEs financing in Morocco and specificities of the Private Security sector:

Major players of economy in terms of innovation and creating jobs, Moroccan SMEs are in continuous search of the best conditions for their success and their development. Moroccan SMEs despite its important role, it faces several problems. Include, among others, the fragility of its structures, its limited means and, in particular, lack of skills and experience of its founders.

The first obstacle against which SMEs face is indeed the access to funds. Often the entrepreneur prefers a method of financing over another. Because managers are discreet they construct a privileged close link with a banker or a pool of banks, to the detriment of private capital and their necessary transparency, while knowing that the investigation conducted by Bank Al Maghrib on conditions for granting of bank credit recorded a hardening of the offer in the third quarter 2014³. SMEs in the private security sector are no exception to these findings. According to Rachid El Mounacifi, President of the Association of Professional Security Agencies in Morocco (APASM), the Private security is a job that, until now is based on the informal sector. The lack of professionalism and overexploitation of employees are common characteristics. According to the same source, Majority of companies in this sector of are SMEs. The unfair competition highlighted by the quasi-totality of respondents prevents the economic development. The SMEs managers generally finance their activities from personal and internal sources, and consider bank financing as a luxury acquired at the following many efforts and hard negotiations. And regarding external private funding, particularly private equity, remains full of mystery for large number of leaders.

³ Bank Al MAGHRIB report N° 33/2014 du 16 Décembre 2014, p.40

2.3 Data analysis and results

In developing our interview guide we selected the multidimensionality aspect of risk perception, that has been validated by Fayolle (2008). It is a measuring instrument which can be very helpful in explaining entrepreneurial intentions, risk-taking and decision to engage. The instrument in question has four dimensions of risk, a financial dimension, a social dimension, a personal dimension and a global dimension. We are interested by perceiving the risk as an opportunity and perceiving it as a threat. This choice enabled us to collect and identify a set of elements in interviews from the speeches of entrepreneurs, emanating from their reasoning process and reflect the positions and views related to the perceived risk in the developing their funding choices.

Studying financing choices available to entrepreneurs would prove an important step that retains attention and reflection of entrepreneurs. In this sense Entrepreneur E1 considers that for such a decision (financing a project) more than half of the SME's managers must get together and study the situation, it argues that "... Just yesterday we gathered in order to comment and to submit our comments on the credit file that we want to deposit this week next to the bank, I was present to discuss in the company with 15 members of administration, while considering that the total members is 23 ...". This verbatim confirms the theoretical above results that consider the "Risk assessment as subjective and depends on judgments.

The four interviewed entrepreneurs are CEOs and they're acting in the business sector of services, and consider being aware of the risk variable and that any action in the entrepreneurial field includes a certain level of risk. This is in line with the findings of Yazidpour (2011) about risk. He stipulates that the definition of the risk is difficult to measure and that the risk is perceived differently from the part of each and everyone, according to his own affection towards risk. "The concept of risk means different things to different people".

Yazidpour defined risk using the following equation:

$$\text{"Total (Perceived) Risk} = \text{Resident Risks (+) or (-) Behavioral Risks"}$$

To explain the resident risk Yazidpour especially used the coin analogy to make the point that resident risk automatically comes with any selected and implemented business opportunity, just like throwing a coin that comes with its known odds of success/fail. Of course, measuring success/failure rates in business is much more complicated, but still doable.

The “Behavioral Risk” component is mainly shaped by the editing, evaluating, and affect processes. As shown by the risk equation, behavioral risks can either increase or decrease the total risk. The increase part seems very intuitive by the standards of the traditional finance; although that is not the case for the decrease part as it can easily be ignored as a behavioral “anomaly”!

To a behavioral economist, however, the decrease is a result of the affect heuristic. This is what entrepreneurs E4 and E3 confirmed, "... Listen, in the process of decision making there is always a risk and we still integrates consciously or unconsciously a risk component”, “if the risk is too great, we made calculations, and take precautions, depending on the experienced severity, it is a component with which we must compose ". According to these verbatim we find that the subjectivity of the " appearance risk" dominates the thinking schemes of entrepreneurs, and the perceived risk refers to the way in which an individual experiences the dangers of its intended action. As regards the following axis "Evaluation of existing financial means and desired ", it shows that the entrepreneur refers often its predictive judgments as a label of the financing options, also "Moroccan entrepreneur is subject to cognitive bias like anchoring as showed in the following testimonies:

E1: “I do not know anybody around me who resorted to business angels for financing his projects, but there is some people when they candidate to a credit application, they presented a real guarantees from their personal property which were seized later from the company because they was unable to pay all debts, and that is what scares me,”

E2: “Today we have an account of 5 credit application files that were refused, and I'm in my 6th application, we need the bank but the bank not fulfill its role of funder of the Moroccan economy”. The preference for familiar funding is obvious and the reluctance of Moroccan entrepreneur face funds with a little risk/return ratio characterizes their identity. Again, in our view, the “Moroccan entrepreneur demonstrated once again that he’s risk averse”. And confirms the findings of psychology studies that developed formal models risk assumptions, which considered that individuals assesses risks from a rational and objective manner, so that in reality they held the most favorable and the most appropriate outcome to their situation (Kahneman and Tversky, 1979; Slovic, 1987; Slovic & Lichtenstein, 1971 cited by Leneuve & Laville, 2012). Even when private external funding is available, the risk of loss of independence provides some fear leading entrepreneurial firms to avoid external funds as is the case of the interviewed entrepreneurs.

Thinking to the axis “choice of financing strategy in the Moroccan SMEs”, preferences of the Moroccan entrepreneur dominates the construction process strategy.

From all financing modes available to the entrepreneur who is risk averse and confident about its decisions, the choice will follow the following classification: Cash, bank credit and venture capital, a result already concluded by Sapienza & al., (2003) which confirmed that entrepreneurs are more likely to apply for individual private funding, internal or external, cash flows, personal funds or credit banking rather than "financing by venture capital when loss control threats are important. On this issue, entrepreneurs interviewed have the same opinion: E1 "I think it would be better to highlight his own money and work to push the company to generate profits and then use them in future investments, financial autonomy is very important

... ". For E2: " A starting project, even with the availability of capital and labor we are never sure it will succeed, it would be preferable to mount it with its own assets, to not support both the loss and owing to others... ".

For E3"personally in my head I'm not reached this maturity to use a venture capital funding to finance my company, I cannot allow someone to inquire about the accounts of my company, or to assist me in my decisions, even my partner delegated me all the decision process.

For "E4" If today I'm out of financial ways, I will return to my relatives and I will ask them for money, I do not trust banks.... ".

3. Discussion and conclusion

Since the objective of this work is to determine how the perception of risk is included when making decisions about financing in SME's, chosen by the Moroccan entrepreneur and manager of a SME", we conducted an empirical research according to the case studies method. We must remember that our empirical interest is to "apprehend and analyze the behavior of the Moroccan entrepreneur who is risk averse in opposition to his historical role “risk-taking”.

According to the results of our case study, we have noticed that the entrepreneur's perceived risk is amplified, and turns into a fear, when it comes to a threat or a potential loss on external funding, especially when we choose a venture capital funding, this is because the judgment of the Moroccan entrepreneur about this financing option is a predictive judgment, based on an

ambiguous image which amplifies the perception of risk, and also because this strategy of funding is not trivialized in the Moroccan context compared to the American context.

In our analysis we have connected it to a cognitive bias, "anchoring", which is attached to the alternative funding better known like bank credit. This joins the Olsen analysis (2011) which states that when the after of decision we can measure our anger or sadness, in regards to the results achieved, while upstream of the decision, the fear is the emotion we can evaluate before taking a decision and it is the basis of perceived risk. The emotional process belongs largely to the unconscious as is the case of cognition. What is different is the structure of mental processes evolving, this psychological analysis taken by Olsen emphasizes the interaction between the two process (emotional and cognitive) in order to argue that the decision comes from emotional and cognitive elements and that it is entirely rational to link it with the risk perception, as it is rational to make it through the mathematics way (statistical parameters and indicators). However it is important to remember that emotion and cognition are both necessary for the implementation and execution of good decisions.

Psychology studies have shown that our decisions are often illogical or irrational, while we are convinced that they are not: the individual is not conscious of the cognitive mechanisms involved in his decisions. But in any cognitive risk treatment, there is an influence of various psychological factors that modify considerably the outcome of the assessment, for a majority of cognitive psychologists. Economic actors do their calculation on the basis of subjective representations they built, according to the available information (Schmidt, 2006). Effectively the "Moroccan entrepreneur uses calculations "secondarily, it seeks to complete and confirm his choice, in the opposite of rational economic models which based the construction of the decision on indicators.

Entrepreneurs trust in the intermediate financing are relatively linked to a positive emotion which giving an illusion of control, indeed the relationship of the Moroccan entrepreneur with the Bank is characterized by a personal aspect coming from the relation which he maintains with the banker, in many cases there is a professional exceeded in this relationship, thing which directly affects his decision-making process, which becomes "erroneous", and leads him to a lower perception of the risk and therefore increases his risk-taking. We could argue that the ambiguity around some financing options that are not usually used on the Moroccan context (e.g. the financing by Venture capital) increases the perceived risk.

Conclusion

The task of an entrepreneur seems simple, it's to look for a profit opportunity and exploit it. Until recently, economists had little to say about entrepreneurs, probably because their behavior is incompatible with the neoclassical economics models. Then, if the entrepreneur's behavior is irrational, it seems logical to consider it from the perspective of behavioral economics.

In this paper, we borrowed several ways to demonstrate that the Moroccan entrepreneur known for his aversion to risk, negotiates with the component "risk", since he is completely aware of its incubation in the various decisions he takes. Perceived risk refers so the way with which an individual experiences the dangers of its anticipated action, it's an internal mental process that involves the contents of experience, acquired as a result of interaction with the world (Kouabenan & al, 2006). The richness of this definition leads us to explore deeply the cognitive theories that move the center of gravity of the theory of the decision upstream mathematical and calculating operations and processes. Because, based on the prospect theory (Kahenamn & Tversky, 1979), the assessment of the risk by the agents, does not, follow the laws of probability, but reflects their subjective perception of uncertainty (Schmidt, 2006).

In terms of limitations, the research object is not intended to enumerate or analyze or treat cognitive biases developed by Kahenman & Tversky (1979) and Tversky & Kahenman (1992) in their theoretical development of the prospective theory. But it would be better to focus on the biases that characterize the Moroccan entrepreneurs to define their cultural identity. That said, the followed methodology would have been different, because the object of research would have returned towards a quantifiable questioning of identification. Therefore, this is what we suggest in future research with an interest in cognitive behavioral bias of Moroccan entrepreneurs.

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