
Foreword

Marie-Hélène Broihanne

LaRGE – EM Strasbourg Business School,
61 avenue de la Forêt Noire,
F-67085 Strasbourg Cedex, France
Email: mhb@unistra.fr

Biographical notes: M-H. Broihanne is a Full Professor of Behavioural Finance at LaRGE-EM Strasbourg Business School. Her works deal with individual investors' trading behaviour. She aims at identifying common factors in decision-making under risk or ambiguity for primates (monkeys, apes, humans) with different levels of knowledge and experience and at studying the cognitive development of economic skills. Her papers have shown that heuristics and biases are most likely a heritage from our evolutionary past. She also conducts researches on the relationships between mutual funds manager's allocations and their attitudes towards risk and probabilities, their traits of personality and their financial literacy.

I am delighted to contribute in a foreword for a selection of papers on behavioural finance as I am convinced that this topic would probably be a major one in the research on entrepreneurship for the next decade. Actually, entrepreneurs make decisions to start a new venture in a complex setting and manage many quantifiable and non-quantifiable risks in the course of their business. Therefore, the assumption of rationality of entrepreneurs is strongly debatable. The same remark applies to investors, and particularly VCs, who choose such ventures for investment purposes.

This special issue of the *International Journal of Entrepreneurship and Small Business* comes at an important point in time. Actually, the 2013 Nobel Prize in Economics that was awarded to E.F. Fama, L.P. Hansen and R.J. Shiller notifies a strong recognition of the importance of the fields of empirical finance and behavioural research. This special issue is intended to cover the whole spectrum of behavioural topics in entrepreneurial finance. Moreover, aside from the actual development of big data analyses, entrepreneurial research improves our knowledge on both conceptual considerations and empirical practices of business actors.

Papers were sought to offer the opportunity to include psychological, social and emotional characteristics in the analysis of entrepreneurs' financial decisions. The eight papers included in this special issue were selected from the papers received from this solicitation using a thorough review process.

The selected papers offer different analyses of entrepreneurs' psychological mistakes (optimism, overconfidence, cost misperception) and highlight the impact of these mistakes on classical paradigms (e.g., the private equity premium puzzle). Empirical studies explore the impact of entrepreneurs' behavioural biases on decisions of funding or investing (access to resources, crowd funding, loan repayment, and exports), but also document how psychology enhances entrepreneurs' social competencies and consequently, firm performance. Empirical studies also rely on data collected in different countries: China, Ghana, Italy, Malaysia, and Tunisia.

There are two theoretical contributions in this issue. The first one shows how to measure entrepreneurial competences. The second one analyses the impact of the two facets of overconfidence on the market performance of the firm through the channel of private benefits extracted by the entrepreneur.

The different topics included in this special issue provide an excellent snapshot of the state of the art in the area of entrepreneurial finance, offering a thoughtful perspective on the potential and emerging challenges of applying cognitive psychology together with economic techniques to entrepreneurship.

I look forward to new submissions of manuscripts on behavioural finance in the *International Journal of Entrepreneurship and Small Business*.

I would like to take this opportunity to gratefully thank the Editor-in-Chief, Professor Dana, for his constant support and encouragement to this special issue. I also gratefully thank two colleagues who helped me in the evaluation of manuscripts for the special issue: Laurent Weill who heads the LaRGE in Strasbourg (known for its behavioural finance research team), and Herbert Casteran, a brilliant colleague who conducts research works in marketing.