

# The Impact of Controlling Thinking on Rational Behavior Decision-Making in the Process from Entrepreneurship to Management

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**Abstract:** Entrepreneurs need to grow into managers through a series of rational behavior decisions. Managers need more rational behavior decisions to make the company develop healthily. Rational decision-making has a narrow definition and measurement criteria: 1. Based on managers' current assets, assets not only refer to money, but also include physiological state, psychological ability, social relations, and self-perception; 2. Based on the possibility result of selection; 3. The probability theory can be used to evaluate the possibility of the results. 4. Under the constraints of probability, selection result, value and satisfaction, rational selection should have adaptability. As two modes of behavioral decision-making: automatic and controlled depth influence the manager's behavioral decision; automatic thinking requires psychoanalytic judgment, but psychoanalysis is flawed and cannot be quantified, subjective is obvious; control thinking can be based on the possibility of choice. As a result, hypotheses are used to verify probabilities and to select adaptive rational decisions. This paper analyzes the influence of control thinking on managers' rational decision-making behavior from multiple dimensions.

## 1. Introduction

According to the view of entrepreneurial process, entrepreneurship is a process that starts with opportunity discovery and establishes a new enterprise through opportunity evaluation, utilization and development [1]. The individual's automatic thinking ability is limited. After a series of psychological activities, the individual's automatic thinking ability will decline to a certain extent. In the process of starting a business, entrepreneurs always make decisions in a highly uncertain environment and exercise their investment rights according to the dynamic changes of uncertainty [2]. Automatic thinking behavior will consume a certain amount of psychological energy, resulting in poor performance of the individual in the subsequent automatic thinking behavior. This state of the individual is called the "self-wasting" state [3]. Today's economy has been dubbed a series of names such as knowledge economy, information economy, high-tech economy and new economy. In essence, it is an economy characterized by high-intelligence labor, which is quite different from the previous economy characterized by low-intelligence labor [4]. Thinking activities can cause a large degree of decline in automatic thinking ability, and the arousal of self-awareness can reduce the degree of self-loss. Financial decision making is critical in value creation activities. It not only determines the allocation of corporate assets, but also determines the source of funds and the cost of capital, thus affecting the value creation ability of enterprises.

In the management practice of Chinese enterprises, the frequent occurrence of corporate strategic mistakes reminds us that the quality of strategic decision-making needs to be improved. For entrepreneurs, risk is an important factor in a variety of decision-making environments, including the decision-making environment for entering new businesses or new markets, and the introduction of new conditions [5]. Due to the bias of the cognitive process and psychological reasons such as emotions, emotions, and preferences, it is impossible for investors to make unbiased estimates in a

rational way [6]. Within the company, company managers often lead to irrational decision-making behavior because of their own psychological factors, which makes them abandon the goal of maximizing the value of the company and cause distortion of the company's investment behavior. When individuals feel a higher level of self-awareness, even at a higher level of cognitive processing, there should be no significant decline in automatic thinking skills [7]. Enterprises may have certain problems in the process of strategy implementation, but managers may be the main reason for making mistakes in strategic decision-making. Entrepreneur's decision-making behavior affects investment income, which affects the total value of real options related to the entrepreneurial process [8]. By analyzing the real option chain and its mechanism in the process of entrepreneurship, this paper explains and evaluates the influence of control thinking on rational behavior decision-making from the perspective of maximizing the option value of entrepreneurial flexibility decision-making.

## **2. Introduction**

### **2.1 Overconfidence**

Often, entrepreneurs flexibly adopt waiting, growth, abandonment and other programs, and increase the flexibility of entrepreneurial decision-making through the strategy of phased investment. This makes entrepreneurs have a series of real options, the higher the degree of uncertainty, the greater the value of options. Automated thinking requires a kind of psychological energy, which is a cognitive processing resource. Any kind of control thinking and execution activities need this kind of energy, and all activities need one kind of energy. Traditional capital structure theory is only a simple understanding of capital structure, which has little significance for practical guidance. Overconfidence is a deep-rooted psychological phenomenon. Psychological experimental observation and empirical research show that people often believe too much in their judgment ability, overestimate their probability of success, attribute success to their ability, and underestimate the role of luck, opportunity and external forces [9]. Senior managers' perception of strategic decisions will affect their behavior in the decision-making process. For example, the same internal or external factors can be interpreted very differently in different organizations or even in different managers within the same organization. Avoiding risks does not mean giving up actions absolutely, but making scientific and rational decisions on the possibility and necessity of actions.

### **2.2 Conformity Behavior**

An individual's behavior of being influenced by others, imitating others' decisions, or relying too much on public opinion without considering his own information is called conformity behavior. Entrepreneur's undertaking behavior means entering a certain industry to participate in industrial competition and to gain potential benefits from the competition. Influenced by some uncertain factors, entrepreneurs cannot accurately predict the future development trend. Any decision to underestimate or overestimate the uncertainty is wrong. On the basis of understanding the whole strategic decision-making process, the management decision-making theory pays attention to the overall characteristics of the strategic decision-making process that affect the decision-making effect, and examines the key variables that have significant impact on the decision-making effect in the whole strategic decision-making process. Barriers to entry and exit of an industry are also the key factors that determine the industrial structure, which determines the competitive characteristics and market risks within the industry [10].

Innovation-driven economies scored higher in entrepreneurship policies than investment-driven economies. This is mainly due to the higher level of economic development driven by innovation, the more perfect policy system and the higher efficiency in the allocation of entrepreneurial resources. As shown in Fig. 1, the conceptual model of the impact mechanism of entrepreneurship policy on entrepreneurial behavior of entrepreneurs is presented.

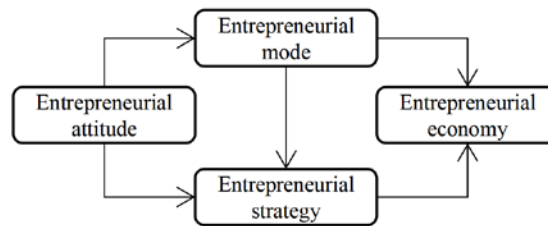


Fig. 1 Conceptual model of the impact mechanism of entrepreneurial policy on entrepreneurial entrepreneurial behavior

### 3. Option Value Analysis of Flexibility Decision

The decision-making flexibility of entrepreneurs under uncertain conditions makes entrepreneurs have many forms of real options, such as waiting or deferring options, growth options, flexibility options and abandonment options. Due to the limitations of personal knowledge, experience and information sources, managers inevitably make decisions with subjective one-sidedness and greater risk. External consultation must be introduced in some major decisions. The independence of external consultation can enable outsiders who have no interest in investment projects to participate in project decision-making. The change of general economic variables in any limited interval in the future obeys normal distribution, and the return can not be less than zero, otherwise entrepreneurship will not occur. The different structural characteristics of industries in different life cycles have a static impact on the risks and uncertainties of entrepreneurs' entrepreneurship. If entrepreneurs can recognize and grasp opportunities, they can adopt corresponding flexible decisions. Investment is effective and is conducive to better use of future opportunities. State automatic thinking in a specific situation belongs to social cognitive orientation and pays more attention to the changes of automatic thinking ability under the influence of a series of factors.

In order to avoid regret and pain caused by personal investment decision making mistakes, managers are willing to choose the same strategy as others, so that once investment mistakes are made, the responsibility can be shifted to others psychologically. Major decision-making is a kind of power and a process of power application. Making democratic decision-making according to scientific requirements can make the team rather than individual managers take responsibility for bad performance projects. The data mining process in financial analysis generally consists of five main stages: determining financial analysis objects, data preparation, data mining, result analysis and knowledge assimilation, as shown in Fig. 2.

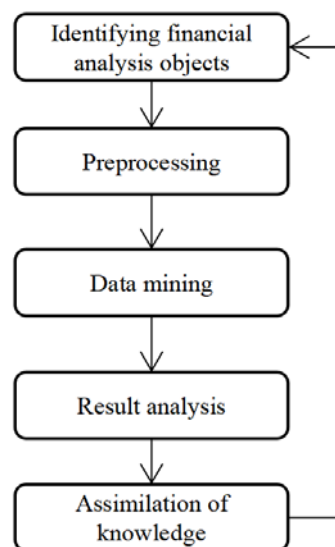


Fig. 2 Data mining process in financial analysis and management

Entrepreneurial funding system can help individuals to develop entrepreneurial opportunities,

entrepreneurial education system can improve the ability of entrepreneurs to identify opportunities, and the optimization of entrepreneurial environment will provide more entrepreneurial opportunities for entrepreneurs. Therefore, it is helpful for individuals to develop new businesses and expand new markets, thus contributing to the implementation of the opportunistic entrepreneurship model. For example, Table 1 shows the results of empirical analysis on entrepreneurial policies and attitudes. Table 2 shows the results of empirical analysis on entrepreneurship policies and entrepreneurship models.

Table 1 Empirical analysis of entrepreneurial policies and entrepreneurial attitudes

Variable	Perceptual skills	Perceptual opportunity	Willingness to start a business	Fear of failure
Venture aid	0.088	0.145	0.062	0.265
Entrepreneurship education	0.069	0.247	0.058	0.383
entrepreneurial environment	0.017	0.085	0.048	0.022
Type of economy	0.025	0.078	0.096	0.037

Table 2 Empirical analysis of entrepreneurial policies and entrepreneurial models

Variable	Survival entrepreneurship	Opportunity entrepreneurship
Venture aid	0.374	0.278
Entrepreneurship education	0.268	0.155
entrepreneurial environment	0.089	0.148
Type of economy	1.482	2.546

Investors have the same expectation for a certain enterprise's future operating income and its distribution, and the expectation for future operating income is equal to the current operating income. Entrepreneur's Flexibility in Decision-making The value of option increases with the rise of risk-free interest rate in the market, which is in line with the actual situation. On the premise that other factors in the economic environment remain unchanged, the risk-free interest rate in the market will rise and the cost of resource input will increase. Enterprise value depends on potential profitability and risk level, not capital structure, so enterprise value has nothing to do with capital structure. To improve the investment decisions of enterprises, it is necessary to further deepen the reform of the economic system and optimize the market environment. At the same time, it is necessary to establish a scientific decision-making mechanism from the micro level. In order to avoid risks and reduce the barriers to entrepreneurship, entrepreneurs tend to choose industries that are in the growth stage. In the enterprise, the strategic decision-making team is generally composed mainly of senior managers of the enterprise. As a variable to measure the behavior of strategic decision-making teams in the decision-making process, procedural rationality is inevitably influenced by certain characteristics of the decision-making team. Entrepreneur's venture capital is mainly derived from its social network. In addition, entrepreneurs can use the social network to obtain a large amount of external resources, enabling new ventures to achieve external growth.

#### 4. Summary

Entrepreneurial process is a sequential decision-making process based on opportunities, full of uncertainty. Entrepreneurs and managers are similar to some extent, that is, they all need to make strategic decisions. However, by comparing the decision-making methods of entrepreneurs and managers, it is found that entrepreneurs use more intuitive inference and bias methods in decision-making. When financial personnel are objective and fair, financial monitoring is also a very effective method. Real option method provides a flexible method for entrepreneurs to make decisions under uncertain conditions, and also provides a new research perspective for entrepreneurship process research. Cognitive processing with mind-switching involvement will lead to greater self-wastage, and the greater the impact on the individual's analytical decision-making ability.

Applying the theory of behavioral economics to construct the decision-making behavior model of entrepreneurs as a whole, and applying evolutionary model to simulate the learning process and dynamic mechanism, we can better understand the production of industry and the impact of entrepreneurship on economic development. In the future, relevant researchers should conduct a larger sample of testing and analysis nationwide, and further analyze the decision-making behavior of entrepreneurs from different perspectives, so as to provide direction for promoting entrepreneurship activities and formulating relevant promotion policies.

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