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THE ROMANCE OF ENTREPRENEURSHIP: EFFECTS ON CASUAL ATTRIBUTIONS AND STAKEHOLDER RESOURCE COMMITMENT (INTERACTIVE PAPER)

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THE ENTREPRENEUR

THE ROMANCE OF ENTREPRENEURSHIP: EFFECTS ON CAUSAL ATTRIBUTIONS AND STAKEHOLDER RESOURCE COMMITMENT

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Principal Topic
The steady growth of interest in entrepreneurship has had profound impacts on the ways laypeople and experts alike see and think about entrepreneurship. It has become commonplace to hold very successful entrepreneurs as typical examples of the unique vision and determination of entrepreneurs. These narrations often embellish the value of entrepreneurs’ actions while discounting external factors that contributed to their success. In this way, “tales” of entrepreneurial success romanticize the actions of entrepreneurs (Shane, 2008). Considering the importance such a romanticized conception may have for investment and policy decisions made by stakeholders, we raise the questions: do people attempt to generate causal attributions for entrepreneurial outcomes as part of a sense-making process to make sense out of the inherently uncertain conditions in which entrepreneurial action is taken? And, to what extent do attributions of entrepreneurship among stakeholders account for differences in the likelihood and amount of subsequent investment? Our investigation of these questions involves development of a theoretical model and a series of hypotheses using sense-making and attribution theory logic (Weick, 1979; Kelly, 1967).

Methods
We use a two-study approach. Study one is a scenario experiment that manipulates venture success and failure and then asks respondents to make causal attributions for outcomes (e.g., entrepreneur, employees, market, or other factors). 83 MBA students participated. Study two, uses a conjoint decision making experiment to focus on the prevalence and consequence of attribution biases among a group of angel investors. Data collection is ongoing with a sample of active angel investors.

Results and Implications
Study one results provide evidence of bias towards attributing entrepreneurial success to the actions of the entrepreneur, while attributing failure to external factors. Specifically, we found that when success was high it was attributed to the actions of the entrepreneur, but when failure was high it was attributed to the market and other possible factors. We believe this romanticized conception is important because it is likely to influence stakeholder investment decisions. If our theory is supported, stakeholders may be making investment decisions based on a romanticized view of the importance the entrepreneur while downplaying a host of other determinates of new venture success.

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