COGNITIVE AND SOCIAL APPROACHES TO PERSPECTIVE TAKING: AN EXPERIMENTAL INVESTIGATION OF CO-FOUNDER EQUITY SPLIT DECISIONS (INTERACTIVE PAPER)

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Principal Topic

Perspective taking (PT) is central to understanding human interactions. PT entails both cognitive mechanisms and social interactions but it is not quite clear how the social and the cognitive approaches to PT relate to each other. Several psychologists have argued that PT has cognitive underpinnings and others have argued that PT is multidimensional and also requires social interactions. In this paper, we experimentally contrast these two approaches to PT and show how it affects interaction outcomes in a specific decision making context – co-founder equity split decisions.

We identified co-founder decision making about how to split equity in the very early stages of venture creation as an ideal context in which to study the differential effects of the cognitive and social approaches to PT. This context has the characteristics of a cooperative decision: co-founders start from a position of wanting to come together rather than through conflict or disagreement over extant issues. At the same time, their capabilities and their roles in the venture are different since each of them brings different yet complementary expertise and resources into the venture.

Method

We conducted an experiment to test the differential effects of PT. The data were collected in a 90-minute class session. The experiment was organized into two stages. The first stage was designed to manipulate PT based on the cognitive approach and the second was designed to manipulate PT based on the social approach. In other words, subjects were only asked to imagine themselves in roles in Stage 1. In Stage II they had to actually play a role in an interactive task.

Results and Implications

As hypothesized, we find that cognitive PT increases the ability of individuals to take a perspective by increasing their mental overlap with the role resulting in behavior that is stereotypical of the role. We further show that both interaction and position exchange result in different yet beneficial outcomes. Together, our study shows that PT is an important predictor of equity outcomes and that cognitive and social approaches have differing effects.

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